

SEC92

In the Matter of:

U.S. Securities and Exchange Commission v. Kik Interactive, Inc.

Alexander Rousmaniere

November 22, 2019

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Global Coverage

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1 UNITED STATES DISTRICT COURT
 2 SOUTHERN DISTRICT OF NEW YORK
 3
 4 U S SECURITIES AND EXCHANGE)
 COMMISSION,)
 5)
 Plaintiff,)
 6)
 vs)No 19-cv-05244
 7) (AKH)
)
 8 KIK INTERACTIVE, INC,)
)
 9 Defendant)
)
 10
 11
 12
 13
 14 DEPOSITION OF ALEXANDER ROUSMANIERE
 15 FRIDAY, NOVEMBER 22, 2019
 16 SANTA MONICA, CALIFORNIA
 17
 18
 19
 20
 21
 22
 23
 REPORTED BY: JEANINE CURCIONE
 24 CSR NO 10223, RPR
 25 FILE NO : 88574

1 I N D E X
 2
 3 WITNESS EXAMINATION PAGE
 4 ALEXANDER ROUSMANIERE
 5 BY MS BAILEY 5
 6 BY MS D'ALLAIRD 111
 7
 8 E X H I B I T S
 9 NO PAGE DESCRIPTION
 10 Exhibit 101 7 Subpoena
 11 Exhibit 102 12 Letter from SEC to Alexander
 Rousmaniere dated 6/28/18
 12
 Exhibit 103 15 Document Bates Stamped
 13 SEC-KIK-LIT-E-0000990
 14 Exhibit 104 21 Document Bates Stamped
 SEC-ROUSMANIERE-E-0000001-12
 15
 Exhibit 105 31 Deposition Transcript of
 16 Alexander Perls Rousmaniere
 dated 7/18/18
 17
 Exhibit 106 45 Screenshot from Kin Kik com
 18
 Exhibit 107 98 Screenshot from CoinMarketCap
 19 Website
 20 Exhibit 108 104 Whitepaper for Kik Interactive,
 Inc
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1 Deposition of ALEXANDER ROUSMANIERE, taken on behalf
 2 of Plaintiff, at 9:02 A M , Friday, November 22,
 3 2019, at 1333 2nd Street, Suite 400, Santa Monica,
 4 California, before Jeanine Curcione, C S R No
 5 10223, RPR, pursuant to notice
 6
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 20 Albert Salaz, Videographer
 21
 22
 23
 24
 25

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1 SANTA MONICA, CALIFORNIA;
 2 FRIDAY, NOVEMBER 22, 2019, 9:02 A.M.
 3
 4 THE VIDEO OPERATOR: Good morning. We're
 5 on the record. This is the start of media number
 6 one of the video recorded deposition of Alexander
 7 Rousmaniere in the matter of US Securities and
 8 Exchange Commission versus Kik Interactive,
 9 Incorporated, filed in the United States District
 10 Court, State of New York. Case number
 11 19-CV-05244-AKH.
 12 This deposition is being held at 1333
 13 Second Street, Suite 400, Santa Monica, California
 14 90401 on the date of November 22, 2019 at
 15 approximately 9:03 A.M. My name is Albert Salaz
 16 with O'Brien Levine Court Reporting and I'm the
 17 legal video specialist. The court reporter today is
 18 Jeanine Curcione with O'Brien and Levine Court
 19 Reporting.
 20 Will counsel please state their
 21 appearances and state whom they represent on the
 22 record after which the court reporter will swear in
 23 the witness.
 24 MS. BAILEY: Jenna Bailey from Cooley on
 25 behalf of Kik Interactive.

<p style="text-align: center;">Page 5</p> <p>1 MR. DE JARRETTE: Brett De Jarnette from 2 Cooley on behalf of Kik.</p> <p>3 MS. D'ALLAIRD: Laura D'Allaird on behalf 4 of the US Securities and Exchange Commission.</p> <p>5 MR. LEASURE: Jeff Leasure, SEC.</p> <p>6</p> <p>7 ALEXANDER ROUSMANIERE, 8 having been duly affirmed, was 9 examined and testified as follows:</p> <p>10</p> <p>11 EXAMINATION</p> <p>12 BY MS. BAILEY:</p> <p>13 Q. Good morning, Mr. Rousmaniere. Thank you 14 for being here today. I know it's an inconvenience 15 but we'll try to get through this as efficiently as 16 possible and get you out of here. So I'm aware that 17 you already testified last summer but other than 18 that have you ever had your deposition taken before?</p> <p>19 A. No.</p> <p>20 Q. So to start off I'm going to go over a few 21 basic ground rules. Could you please state your 22 name for the record.</p> <p>23 A. Alexander Rousmaniere.</p> <p>24 Q. Do you understand you're under oath as if 25 you were testifying in court with a judge?</p>	<p style="text-align: center;">Page 7</p> <p>1 question I asked and it's pending you answer the 2 question and then we go on the break. Does that 3 make sense to you?</p> <p>4 A. Yes.</p> <p>5 Q. Is there any reason why you can't testify 6 competently and honestly here today?</p> <p>7 A. No.</p> <p>8 Q. So what is your understanding of the 9 reason that you're here today?</p> <p>10 A. I think there is a lawsuit that the SEC is 11 suing Kik.</p> <p>12 Q. And did you receive a subpoena to appear 13 here today?</p> <p>14 A. Yes.</p> <p>15 Q. So the court reporter is handing you 16 what's just been marked as Exhibit 101. Do you 17 recognize this document?</p> <p>18 (Exhibit 101 was marked for identification 19 by the Reporter.)</p> <p>20 THE WITNESS: Yes.</p> <p>21 BY MS. BAILEY:</p> <p>22 Q. Are you appearing here today pursuant to 23 the subpoena?</p> <p>24 A. Yes.</p> <p>25 Q. We're done with that. So earlier the</p>
<p style="text-align: center;">Page 6</p> <p>1 A. Yes, I do.</p> <p>2 Q. So as you can see we have a court reporter 3 present here today. She's going to be transcribing 4 everything that we say in the room, so to help her 5 do that please just wait for me to get through the 6 end of my question before you start answering me. I 7 know it's not natural in the course of conversation 8 but bear with me and then make sure to answer all of 9 my questions audibly, vocally and without huh-uh or 10 nods which won't be picked up by the transcript.</p> <p>11 And you also may recognize the SEC 12 attorneys that are here with us today. They may 13 from time to time object to my questions. If they 14 do so they're preserving their objections for the 15 record but you should still feel free to answer my 16 question unless you are told otherwise. But let 17 them get their objections out before answering the 18 question so we can have a clean record.</p> <p>19 If you don't understand any of my 20 questions please let me know and I'll rephrase it to 21 make sure you do. If you don't ask I'll assume that 22 you understood so please let me know. And if you 23 ever need a break at any time, again, we'll try not 24 to be here too long but let me know and we'll take a 25 break. The only thing I ask is if there's a</p>	<p style="text-align: center;">Page 8</p> <p>1 first question I asked you, you said that you 2 understood because SEC was suing Kik Interactive. 3 Can you explain what you understand the nature of 4 this lawsuit to be about?</p> <p>5 A. My understanding is that the SEC is 6 asserting that Kik should have done certain things 7 before or during the issuance of its Kin token to 8 comply with securities law.</p> <p>9 Q. Okay. Do you have a sense or an 10 understanding of what those things would have been?</p> <p>11 MS. D'ALLAIRD: Objection.</p> <p>12 THE WITNESS: Not specifically.</p> <p>13 BY MS. BAILEY:</p> <p>14 Q. And you mentioned that it was related to 15 securities laws. How much do you understand about 16 securities laws?</p> <p>17 A. Undergraduate level. Not -- nothing in 18 detail.</p> <p>19 Q. Did you ever take a class or anything 20 where it was specifically discussed?</p> <p>21 A. Probably -- I took a law and economics 22 class undergraduate level. That's about it.</p> <p>23 Q. So is it fair to say you're generally 24 aware of what securities laws are and how they work?</p> <p>25 MS. D'ALLAIRD: Objection.</p>

<p style="text-align: right;">Page 9</p> <p>1 THE WITNESS: I'm not really in a position 2 to judge that. 3 BY MS. BAILEY: 4 Q. Have you read the complaint that the SEC 5 filed in this case? 6 A. I may have looked at it briefly but I 7 haven't read the entire thing. 8 Q. Do you remember about when that was? 9 A. Maybe near the time of the complaint. I 10 think I -- it -- I would have looked at least at the 11 front page of it when -- I follow Coin Desk which is 12 the news source so whenever it was, I think it was 13 in the last year at some point. I can't remember 14 when exactly. 15 Q. So do you understand though that that 16 complaint was filed about a year and a half after 17 the sale was completed? 18 A. I can't answer -- if you're telling me 19 that and that is the case then I wouldn't dispute 20 that. 21 Q. I'm just trying to understand what your 22 level is about the case so far, so if you're not 23 aware of that -- 24 A. I don't know the exact timing of the 25 filing of the suit, no.</p>	<p style="text-align: right;">Page 11</p> <p>1 or two prior to that. So it would have been late 2 spring of 2018. I think. 3 Q. Okay. And I'm going to run through a 4 number of names. If you could just let me know if 5 you ever remember communicating with these 6 individuals. How about Brent Mitchell? 7 A. Yes, sounds familiar. 8 Q. Do you remember having phone conversations 9 with him? 10 A. I'm not sure. 11 Q. How about e-mails? 12 A. Possibly. 13 Q. What about James Murtha? 14 A. Yes. 15 Q. So did you have phone conversations with 16 him? 17 A. Either phone or e-mail. But that sounds 18 very familiar. 19 Q. Okay. Could it possibly be both phone -- 20 A. Yes. 21 Q. How about Jeff Leasure? 22 A. Yes. 23 Q. Phone and e-mail? 24 A. Possibly both. 25 Q. How about Steven Schlegelmilch?</p>
<p style="text-align: right;">Page 10</p> <p>1 Q. By any chance have you read Kik's response 2 to the SEC's complaint? 3 A. Not that I can recall. 4 Q. Have you seen any articles or anything 5 else discussing Kik's response in Coin Desk or 6 other -- 7 A. Yes, but I don't remember the details of 8 them. 9 Q. Stepping back for a minute, how did you 10 prepare for your deposition today? 11 A. I didn't prepare. 12 Q. So did you speak with anybody about your 13 deposition? 14 A. No. 15 Q. Did you review any documents to prepare 16 for this deposition? 17 A. No. 18 Q. So when was the first time you can recall 19 the SEC -- when I say SEC I'm referring to the 20 Securities and Exchange Commission. I assume you 21 understand that. When did they first contact you 22 regarding their investigation into Kik? 23 A. I do know that I had a deposition with the 24 SEC last summer and so they probably contacted me -- 25 I don't know exactly but it would have been a month</p>	<p style="text-align: right;">Page 12</p> <p>1 A. That name does not ring a bell. 2 Q. What about David Mendel? 3 A. Name does not ring a bell. 4 Q. And then Laura D'Allaird? 5 A. I don't remember. No. 6 Q. So I've just handed you what's been marked 7 as Exhibit 102. It appears to be a PDF with the 8 title "United States Securities and Exchange 9 Commission." The subject matter is in the matter of 10 Kik Interactive and it says it was sent via e-mail 11 to [REDACTED]. Does this document look 12 familiar to you? 13 (Exhibit 102 was marked for identification 14 by the Reporter.) 15 THE WITNESS: Yes, it does. 16 BY MS. BAILEY: 17 Q. And is [REDACTED], is that your 18 contact information? 19 A. Yes, it is. 20 Q. So what is this document? 21 A. It seems to be -- it looks like it's the 22 subpoena which preceded my deposition of last 23 summer. 24 Q. Great. And if you can remember, was this 25 the first time you spoke with the SEC?</p>

<p style="text-align: right;">Page 13</p> <p>1 A. No.</p> <p>2 Q. Okay. If you can turn with me to -- so I 3 forgot to mention this document bears the Bates 4 label. When I refer to Bates label that's the 5 numbering and lettering in the bottom right-hand 6 corner. It bears the Bates label</p> <p>7 SEC-Kik-LIT-E-0000344. If you can turn with me to 8 Bates number 0000347.</p> <p>9 A. Okay.</p> <p>10 Q. You'll see on this page there's two boxes 11 that have been checked. One says "you must produce" 12 and then lists a number of things and one says "you 13 must testify." Do you see that?</p> <p>14 A. Yes.</p> <p>15 Q. Did you produce any documents in response 16 to this subpoena?</p> <p>17 A. In response to this subpoena. I can't -- 18 I don't know. However, I did at one point there was 19 a -- it was either this or before this or after this 20 or somewhere around there, there was a request for 21 documents which involved me copying and pasting five 22 or ten, maybe 15 e-mails into a text document and 23 sending it to somebody, possibly James Murtha and I 24 believe that was the full extent of everything I 25 produced.</p>	<p style="text-align: right;">Page 15</p> <p>1 e-mails were already in my Gmail box and as I 2 remember I just copied and pasted whatever e-mails I 3 had which were -- as I recall only just group -- 4 e-mails from Kik that I received. I don't think I 5 ever sent -- oh, except there may have been part of 6 the either KYC or to prove that I was an accredited 7 investor so that may have been some outgoing e-mail 8 but otherwise that was it. There was like a few 9 e-mails.</p> <p>10 Q. But you don't have any routine practice of 11 deleting certain amounts of e-mails.</p> <p>12 A. I do not.</p> <p>13 Q. And were all your communications with Kik 14 through your Gmail account if you recall?</p> <p>15 A. Yes.</p> <p>16 Q. So you've just been handed a document 17 labeled Exhibit 103. It bears the Bates label 18 SEC-Kik-LIT-E-0000990. Does this document look 19 familiar to you?</p> <p>20 A. It does but mine is labeled 105.</p> <p>21 (Exhibit 103 was marked for identification 22 by the Reporter.) 23 (Court reporter remarked exhibit.)</p> <p>24 BY MS. BAILEY:</p> <p>25 Q. Does this document look familiar to you?</p>
<p style="text-align: right;">Page 14</p> <p>1 Q. Can you remember any other requests for 2 documents other than this subpoena?</p> <p>3 A. No.</p> <p>4 Q. Any that were given to you verbally or in 5 other communications?</p> <p>6 A. I don't know. But I can't remember what 7 the -- when the request was made and what the exact 8 nature of the request was, however, I do remember -- 9 as I just said about the documents I did provide.</p> <p>10 Q. Sure. Okay. Thank you. I know it's been 11 a long time. If you could flip with me one more 12 time to Bates number 0000351. You'll see there's a 13 number C, "Documents to be preserved and produced," 14 and then there's a category of documents listed 15 here. Does this look familiar to you?</p> <p>16 A. It doesn't look familiar but I see it now.</p> <p>17 Q. As you read this here today -- and I'll 18 give you a minute if you need time, does this 19 roughly reflect the type of documents that you 20 searched for and produced to the SEC?</p> <p>21 A. Yes.</p> <p>22 Q. Around the time of June 28 when you 23 received this subpoena, do you remember making any 24 efforts to preserve your e-mails related to Kik?</p> <p>25 A. I didn't make special efforts because the</p>	<p style="text-align: right;">Page 16</p> <p>1 A. Yes.</p> <p>2 Q. Can you describe the communications in 3 this document?</p> <p>4 A. This is what I was just referring to and 5 this would have been all the e-mails regarding Kik 6 and Kin, in chronological order.</p> <p>7 Q. Did you hire an attorney to help you put 8 this production of documents together?</p> <p>9 A. I did not.</p> <p>10 Q. Did anyone else advise you on how to put 11 this production together?</p> <p>12 A. No, they did not.</p> <p>13 Q. Does that include anyone from the SEC?</p> <p>14 A. Well, since there was nobody then it would 15 disinclude anybody from SEC explicitly; right?</p> <p>16 Q. Okay. So here you refer to a record of 17 correspondence regarding Kik -- Kin and Kik. Does 18 this roughly reflect to your knowledge all of your 19 communications regarding Kin and Kik?</p> <p>20 A. Yes.</p> <p>21 Q. So just now I want to have a base level of 22 terminology that we're using. Just now when you 23 were describing what Kin is you used the word 24 currency. Can you describe to me what you mean when 25 you say the word currency in this context?</p>

<p style="text-align: right;">Page 17</p> <p>1 A. I'm using that only in the most broad 2 descriptive term. You can also refer to it as a 3 token. Cryptocurrency. Yeah, I don't claim to have 4 an exact word for it.</p> <p>5 Q. So we're going to obviously talk about 6 cryptocurrency today. What are you referring to by 7 the term cryptocurrency if you had to describe it?</p> <p>8 A. It could be anything from Bitcoin to 9 Ethereum to other tokens to any kind of -- 10 anything -- anything that uses the technology that 11 descended from Bitcoin.</p> <p>12 Q. So would you categorize Kin as in that 13 same category?</p> <p>14 A. Yes.</p> <p>15 Q. And you mentioned the technology tracing 16 back to Bitcoin. Are you referring to blockchain 17 technology?</p> <p>18 A. Yes.</p> <p>19 Q. What is your level of understanding about 20 how blockchain technology works?</p> <p>21 A. I'm not sure how to rate it but I have 22 some technical understanding of it.</p> <p>23 Q. Could you try and explain it to me?</p> <p>24 A. From scratch?</p> <p>25 Q. Just your basic understanding of how</p>	<p style="text-align: right;">Page 19</p> <p>1 MS. D'ALLAIRD: Objection. 2 THE WITNESS: I guess it can be, yes.</p> <p>3 BY MS. BAILEY:</p> <p>4 Q. Do you know one way or the other whether 5 Kin ran on the Ethereum blockchain at the point of 6 the token sale?</p> <p>7 MS. D'ALLAIRD: Objection. 8 THE WITNESS: I don't remember either way.</p> <p>9 BY MS. BAILEY:</p> <p>10 Q. So at the time you purchased Kin, you 11 didn't know necessarily whether it would run on 12 blockchain technology or which blockchain it would 13 operate on?</p> <p>14 MS. D'ALLAIRD: Objection. 15 THE WITNESS: Now that I remember Kin did 16 run on the Ethereum network at the time and my 17 possession of the Kin that I bought was actually it 18 was inside of an Ethereum wallet as an alternative 19 token but -- as far as I remember it was on the 20 Ethereum blockchain. That's correct.</p> <p>21 BY MS. BAILEY:</p> <p>22 Q. Are you familiar with the term 23 "decentralized" in this case?</p> <p>24 A. Yes.</p> <p>25 Q. What is your understanding of what that</p>
<p style="text-align: right;">Page 18</p> <p>1 blockchain technology works.</p> <p>2 A. Well, it's -- blockchain technology is a 3 way of cryptographically securing what previously 4 was hard to track, like just virtual dollars or 5 virtual points of some kind. And the blockchain 6 allows the users of the currency to verify who 7 actually owns it and the ownership is -- the 8 ownership is proven by the possession of a private 9 key which can be verified but not duplicated by a 10 recipient or third party and it requires -- yeah. 11 So keep it there.</p> <p>12 Q. That's great. And cryptocurrency in your 13 knowledge runs on top of blockchain technology?</p> <p>14 MS. D'ALLAIRD: Objection.</p> <p>15 THE WITNESS: I think most of it does.</p> <p>16 Yes. I know that Ethereum and Bitcoin do and I know 17 that most of the cryptocurrencies I know about also 18 run on blockchain technology.</p> <p>19 BY MS. BAILEY:</p> <p>20 Q. How about Kin?</p> <p>21 A. I'm actually -- I'm vague on the actual 22 technical underpinnings of Kin.</p> <p>23 Q. And cryptocurrency in your experience, is 24 that typically something that's a medium of 25 exchange?</p>	<p style="text-align: right;">Page 20</p> <p>1 means in the context of blockchain technology?</p> <p>2 A. That the system can be run unlike for 3 example a database system which requires a central 4 source of truth, there is in the case of 5 cryptocurrency there is a decentralized source of 6 truth that is -- that has to do with a consensus 7 between the nodes that are participating in the -- 8 in the -- in the protocol.</p> <p>9 Q. Got it. And I apologize for asking so 10 many basic questions but could you explain to me 11 what a node is?</p> <p>12 A. A node in this case usually is actually 13 just a computer that has usually a complete set of 14 all the transactions and is able to broadcast -- is able 15 to serve client requests for information about the 16 blockchain and is able to communicate with other 17 computers, other nodes in order to -- for all the 18 nodes to keep up with the most recent information 19 about the blockchain.</p> <p>20 Q. Got it. So is it fair to say that your 21 understanding is that the nodes are operating the 22 protocol that is underpinning the blockchain?</p> <p>23 MS. D'ALLAIRD: Objection.</p> <p>24 THE WITNESS: Yes.</p> <p>25 ///</p>

<p style="text-align: right;">Page 21</p> <p>1 BY MS. BAILEY:</p> <p>2 Q. Is that a fair characterization of what</p> <p>3 you just explained to me?</p> <p>4 A. Yes.</p> <p>5 Q. Okay. I'd like to go back now that we've</p> <p>6 sort of set some basic understanding. I'd like to</p> <p>7 go back to one more document.</p> <p>8 So you've just been handed a document</p> <p>9 marked 104. It bears the Bates label</p> <p>10 SEC-Rousmaniere-E-0000001 through 0000012.</p> <p>11 (Exhibit 104 was marked for identification</p> <p>12 by the Reporter.)</p> <p>13 BY MS. BAILEY:</p> <p>14 Q. Do you recognize this document?</p> <p>15 A. I do.</p> <p>16 Q. Could you describe to me what this is?</p> <p>17 A. This looks like the compendium of the</p> <p>18 e-mails I put together.</p> <p>19 Q. So this is the set of documents you</p> <p>20 mentioned earlier that you produced in response to</p> <p>21 the subpoena we discussed earlier.</p> <p>22 A. Yes.</p> <p>23 Q. So does this e-mail consist -- or does</p> <p>24 this document consist of multiple e-mails that you</p> <p>25 provided to the SEC?</p>	<p style="text-align: right;">Page 23</p> <p>1 Kin. We're contacting a group of Kin purchasers to</p> <p>2 better understand the offering."</p> <p>3 Does that help refresh your memory on</p> <p>4 whether this was the first time you ever heard from</p> <p>5 somebody at the SEC?</p> <p>6 A. It seems likely this was.</p> <p>7 Q. And it says here, "Can you propose some</p> <p>8 times when you can speak to us and tell us what</p> <p>9 known number to call." Do you recall having an</p> <p>10 initial call with them sometime around January?</p> <p>11 A. Yes.</p> <p>12 Q. And below here you say, "Would be happy to</p> <p>13 help," and then provide your phone number; right?</p> <p>14 A. Yes.</p> <p>15 Q. So when you spoke in January was that a</p> <p>16 phone call?</p> <p>17 A. Yes.</p> <p>18 Q. Do you recall who was on the call?</p> <p>19 A. I do not.</p> <p>20 Q. Do you remember what you discussed on that</p> <p>21 call?</p> <p>22 A. Not in -- no. Not in detail.</p> <p>23 Q. If you can remember what was the subject</p> <p>24 matter generally?</p> <p>25 A. My discussions with -- there was a few</p>
<p style="text-align: right;">Page 22</p> <p>1 A. Yes.</p> <p>2 Q. If you go with me to Bates page 0000010,</p> <p>3 10, at the very bottom of the page there there's an</p> <p>4 e-mail from Brent S. Mitchell to Perls James and</p> <p>5 Jeffery on January 8. Is Perls you?</p> <p>6 A. Yes.</p> <p>7 Q. Am I saying that correctly?</p> <p>8 A. Uh-huh.</p> <p>9 Q. And James and Jeffery, do you understand</p> <p>10 those to be SEC attorneys?</p> <p>11 A. Yes.</p> <p>12 Q. Was this the first time that somebody from</p> <p>13 the SEC reached out to you?</p> <p>14 A. I mean, this is the end of the documents</p> <p>15 in reverse chronological order. Although --</p> <p>16 possibly, yes.</p> <p>17 Q. So if you could just take a minute and</p> <p>18 read through the e-mail from Brent Mitchell on</p> <p>19 January 8. He says, "I'm an enforcement attorney in</p> <p>20 the SEC's enforcement division along with my</p> <p>21 colleagues copied on this e-mail, Jeff Leasure and</p> <p>22 James Murtha. I'm conducting a nonpublic</p> <p>23 investigation into Kik Interactive's September 2017</p> <p>24 offering of Kin tokens." He says, "We're interested</p> <p>25 in asking you some questions about your purchase of</p>	<p style="text-align: right;">Page 24</p> <p>1 discussions with the SEC before my deposition during</p> <p>2 this time and then during the deposition and then</p> <p>3 subsequent to the deposition recently and all I can</p> <p>4 tell you in specific is that each time the</p> <p>5 conversations kind of covered the same ground.</p> <p>6 That's what stuck out at me is they kind of had the</p> <p>7 same questions for me each time. Beyond that like</p> <p>8 nothing really stands out as being different during</p> <p>9 one conversation or another.</p> <p>10 Q. Can you recall the subject matter then of</p> <p>11 maybe one of your more recent conversations with</p> <p>12 them?</p> <p>13 A. I think the most recent phone conversation</p> <p>14 with them was notable in that it seemed to just go</p> <p>15 over the existing material that was already in my</p> <p>16 deposition. Like they wanted to make sure I was</p> <p>17 still going to say the same thing that I said in my</p> <p>18 deposition and the question that they've asked -- I</p> <p>19 remember they asked I think back then at the</p> <p>20 deposition, after the deposition had to do with did</p> <p>21 I have special -- did I have any particular special</p> <p>22 conversations with Kik and also did I have access to</p> <p>23 some stickers or some kind of free goods or goodies</p> <p>24 somehow and my answer to that was no, I didn't.</p> <p>25 Q. So then is it fair to say that you</p>

<p style="text-align: right;">Page 25</p> <p>1 remember discussing digital stickers in this initial 2 January call that you had with the SEC?</p> <p>3 MS. D'ALLAIRD: Objection.</p> <p>4 THE WITNESS: I don't know.</p> <p>5 BY MS. BAILEY:</p> <p>6 Q. So one of the other things that you 7 mentioned just now was they were wondering if you 8 had any special conversations with Kik. Could you 9 elaborate on what you mean by that?</p> <p>10 A. Well, clearly I provided them with all the 11 e-mails and they had asked me -- they had asked me 12 if I -- oh, yeah, they asked me at times if I was on 13 a telegram group or -- I think they wanted to see if 14 I had any -- what kind of communication I had with 15 Kik around the sale and I had like -- it was easy to 16 answer because I had virtually no communication with 17 them besides these e-mails you've seen.</p> <p>18 Q. Okay. And can you recall whether the SEC 19 represented to you what their investigation was 20 about in this January phone call?</p> <p>21 A. Where's their -- let's see. Where's 22 this -- no. They didn't -- no, I don't think 23 they've ever described what the investigation is 24 about.</p> <p>25 Q. But you did understand it to be about</p>	<p style="text-align: right;">Page 27</p> <p>1 selling a small block of Kin tokens and I can't 2 remember the outcome of it. Whatever the outcome 3 was it didn't encourage me to sell anymore. That's 4 for sure.</p> <p>5 Q. So you can't remember if you were able to 6 actually sell any of your Kin tokens at that time?</p> <p>7 A. I can't remember specifically, no.</p> <p>8 Q. And you said the words "recreational stab" 9 at it?</p> <p>10 A. Just to see if there was a market for it.</p> <p>11 Q. Market meaning -- do you remember that it 12 was possible to sell your Kin --</p> <p>13 A. To see if there were buyers?</p> <p>14 Q. Whether there was demand?</p> <p>15 A. Yeah, whether there was enough liquidity 16 in the marketplace that there were actually people 17 buying and selling it.</p> <p>18 Q. Did you convey that to the SEC when they 19 asked you about it?</p> <p>20 MS. D'ALLAIRD: Objection.</p> <p>21 THE WITNESS: I'm not sure.</p> <p>22 BY MS. BAILEY:</p> <p>23 Q. Fair enough. When the SEC reached out to 24 you, why did you -- why did you talk to them?</p> <p>25 MS. D'ALLAIRD: Objection.</p>
<p style="text-align: right;">Page 26</p> <p>1 Kik's sale of Kin tokens in 2017?</p> <p>2 A. Yes.</p> <p>3 Q. In the course of any of your discussions 4 with the SEC outside of your investigative testimony 5 which is what you've referred to as your deposition, 6 did they ever show you any documents?</p> <p>7 A. Did they ever show me any documents?</p> <p>8 Q. Yeah.</p> <p>9 A. No. No, I don't think so.</p> <p>10 Q. Do you recall discussing secondary 11 exchanges with the SEC before your testimony?</p> <p>12 MS. D'ALLAIRD: Objection.</p> <p>13 THE WITNESS: Yes. Well, I don't know 14 when the discussion was taken place but now that you 15 mention it there has been a question that SEC has 16 asked at various times regarding did I attempt to 17 resell any Kin tokens.</p> <p>18 BY MS. BAILEY:</p> <p>19 Q. Okay.</p> <p>20 A. So that would be a question about a 21 secondary exchange.</p> <p>22 Q. Can you recall what you told them about 23 that?</p> <p>24 A. I would have told them that at some point 25 in I think 2018 I did make a recreational stab at</p>	<p style="text-align: right;">Page 28</p> <p>1 THE WITNESS: Well, I guess I knew that 2 they could subpoena me, so and I felt like my 3 situation was -- I didn't feel there was any risk of 4 talking to them because my dealings with Kik have 5 been so limited and so clean that if I had some more 6 complex dealings with Kik or I thought I would be in 7 legal jeopardy I probably would have gotten a lawyer 8 involved but I didn't mind to talk to them directly.</p> <p>9 BY MS. BAILEY:</p> <p>10 Q. And you just referred to your dealings 11 with Kik as being clean. Are you referring to just 12 the fact that you sort of bought this thing from 13 them and now you have the thing and now there's no 14 longer any existing relationship between you and 15 Kik?</p> <p>16 MS. D'ALLAIRD: Objection.</p> <p>17 THE WITNESS: Yes.</p> <p>18 BY MS. BAILEY:</p> <p>19 Q. And do you still own Kin today?</p> <p>20 A. Yes.</p> <p>21 Q. And you don't feel that you have any 22 ongoing business relationship with Kik today?</p> <p>23 A. Business relationship?</p> <p>24 Q. Yeah.</p> <p>25 A. I guess that's sort of a complex issue.</p>

<p style="text-align: right;">Page 29</p> <p>1 If you buy a share of Proctor and Gamble do you have 2 a business relationship with Proctor and Gamble? 3 Not really. You're an investor. To the same extent 4 I'm an investor in these Kin tokens. 5 Q. When you use the term investor I want to 6 understand -- I don't want to quibble about 7 terminology but just to understand what you're 8 referring to as an investor. Are you using that 9 term -- I guess what do you mean by the word 10 "investor"? 11 A. Well, an investor in a cryptocurrency is 12 someone who purchased some of the cryptocurrency and 13 owns it -- I mean, I don't really see it as an 14 important difference between an investor in real 15 estate or an investor in stocks or an investor in a 16 business or investor in gold, platinum. 17 Q. Okay. So the way you're using the term is 18 someone who purchases something -- 19 A. Yeah. 20 MS. D'ALLAIRD: Objection. I just have to 21 jump in from time to time before you answer. Thank 22 you. You can go ahead. 23 BY MS. BAILEY: 24 Q. So you're referring to somebody who 25 purchases something?</p>	<p style="text-align: right;">Page 31</p> <p>1 MS. D'ALLAIRD: Objection. 2 THE WITNESS: No. 3 BY MS. BAILEY: 4 Q. You testified in the course of the SEC 5 investigation; correct? 6 A. Yes. 7 Q. I'm going to hand you another document. 8 You've just been handed a document that's been 9 marked as Exhibit 105. Do you recognize this 10 document? 11 (Exhibit 105 was marked for identification 12 by the Reporter.) 13 THE WITNESS: Yes. 14 BY MS. BAILEY: 15 Q. What is this? 16 A. This looks like the transcript of my -- is 17 it a deposition or is it -- whatever you're calling 18 it. Or interview, my interview of 2018. 19 Q. Either terminology is fine. When we're 20 saying deposition you're referring to this testimony 21 that you gave on this day. And this was on July 18, 22 2018. Okay. Do you recall if you had a chance to 23 review this transcript after your testimony to 24 approve its contents? 25 A. I don't recall either way.</p>
<p style="text-align: right;">Page 30</p> <p>1 MS. D'ALLAIRD: Objection. 2 THE WITNESS: I'm using it in a very broad 3 sense, yes. 4 BY MS. BAILEY: 5 Q. So could buying a house be an investment 6 in your view? 7 MS. D'ALLAIRD: Objection. 8 THE WITNESS: Yes. 9 BY MS. BAILEY: 10 Q. And buying gold is another example of an 11 investment in your view? 12 A. Yes. 13 Q. So have you purchased houses -- a house 14 before? 15 A. Yes. 16 Q. In your experience did that transaction 17 have to be registered with the Securities and 18 Exchange Commission? 19 MS. D'ALLAIRD: Objection. 20 THE WITNESS: No. 21 BY MS. BAILEY: 22 Q. Have you ever bought gold before? 23 A. Yes. 24 Q. Did you register that transaction with the 25 Securities and Exchange Commission?</p>	<p style="text-align: right;">Page 32</p> <p>1 Q. Have you ever seen this document before? 2 A. I don't know. 3 Q. Fair enough. You can set that down. So 4 I'd like to talk a little bit about your background 5 and professional -- your professional background and 6 then I think we can go to a break after we're done 7 with this section. So did you graduate from 8 college? 9 A. I did. 10 Q. Where did you go to college? 11 A. Oberlin College. 12 Q. What did you major in? 13 A. I majored in history. 14 Q. And what did you do after college? 15 A. I worked for an art dealer and I -- my 16 main career for the ten years following that was as 17 a songwriter and I eventually had my own record 18 label and in 2008 I switched -- I kind of evolved 19 into having a software company which is my main 20 project now, software company and a website, a 21 website that I run. And so -- and I have my own 22 business. 23 Q. Okay. So I'd like to go through sort of 24 all those. You have a lot of things going on so I'd 25 like to hear about each one of them. So in 2008 you</p>

<p style="text-align: right;">Page 33</p> <p>1 started a software company. What is the name of 2 that company? 3 A. Ezvid, E-z-v-i-d. 4 Q. Can you tell me about what that company 5 does? 6 A. Ezvid makes video software for Windows and 7 also we have a web based video creation tool called 8 Ezvid Wikimaker and we run -- and our website has 9 both professionally and user generated content of 10 various kinds and we create a video series which 11 we -- which is also posted on YouTube and Amazon. 12 Q. And do you have a background in web 13 developing? 14 A. Yes. Well, I've -- I didn't originally 15 but I've learned a lot of it in the last five or six 16 years. 17 Q. Did you receive any training or are you 18 completely self-taught? 19 A. Self-taught. 20 Q. So what are some of your other projects 21 outside of Ezvid? 22 A. Nothing particularly notable. 23 Q. So starting back in 2008 until now? 24 A. I've done a variety of different marketing 25 projects on YouTube and different kinds of projects</p>	<p style="text-align: right;">Page 35</p> <p>1 sounds and visual stimulation for EMDR therapy. 2 Q. And we'll be done with these questions 3 soon, I promise. But did you anticipate when you 4 launched it that you would continue building out 5 additional functionality as time went on? 6 MS. D'ALLAIRD: Objection. 7 THE WITNESS: No. 8 BY MS. BAILEY: 9 Q. So it was -- 10 A. These particular applications were very 11 simple and were kind of like one off. 12 Q. And then you didn't pursue it after two 13 years or so? 14 A. Correct. 15 MS. BAILEY: I think we should take a 16 break right now. We're at a good stopping point. 17 THE VIDEO OPERATOR: We're going off the 18 record. The time is 9:49 A.M. 19 (Recess taken.) 20 THE VIDEO OPERATOR: We're back on the 21 record. The time is 10:02 A.M. 22 MS. D'ALLAIRD: Counsel, just before you 23 begin I just wanted to note for the record that 24 we've agreed to stipulate that objections other than 25 matters to form are preserved.</p>
<p style="text-align: right;">Page 34</p> <p>1 around affiliate marketing and video and that kind 2 of thing. 3 Q. So do you have some knowledge about how 4 these marketing advertising industry operates? 5 A. I have some knowledge. Yes. 6 Q. Have you ever -- have any of your 7 companies ever built a mobile application? 8 A. Yes. 9 Q. Which one? 10 A. Briefly in -- around 2010 or so I started 11 a project to build mobile applications for 12 psychotherapists to use and that only lasted a year 13 or two. 14 Q. Did you ever launch a mobile application? 15 A. Yes. That would be those applications. 16 Q. Was it available for public consumption? 17 A. Yes. 18 Q. Could you walk me through what features 19 that application had when you launched it? 20 A. Is this relevant to the discussion of Kik 21 and Kin? 22 Q. Yeah, it is. 23 A. The application -- the mobile applications 24 for psychotherapists involved keeping a diary for 25 those in DBT therapy and also the generation of</p>	<p style="text-align: right;">Page 36</p> <p>1 MS. BAILEY: Yes. 2 MS. D'ALLAIRD: Thank you. 3 BY MS. BAILEY: 4 Q. Okay. So the next thing I want to talk 5 about is just to get an understanding of your 6 knowledge of the cryptocurrency space. It will be 7 helpful going forward. What is the first time you 8 remember ever purchasing cryptocurrency? 9 A. Probably 2013. 10 Q. Do you remember what the first 11 cryptocurrency you bought was? 12 A. Bitcoin. 13 Q. Would you say you're generally familiar 14 with the cryptocurrency market? 15 A. Generally, yes. 16 Q. Do you typically follow it -- do you 17 follow the prices as they go up and down? 18 A. Yes. 19 Q. And do you look at sort of trends in the 20 industry generally? 21 A. Generally. 22 Q. Is that something that you started doing 23 as early as 2013? 24 A. Yes. 25 Q. Have you done it pretty much continuously</p>

<p style="text-align: right;">Page 37</p> <p>1 up through the present? 2 A. Yes. 3 Q. And that would include 2017? 4 A. Uh-huh. 5 Q. That's a yes? 6 A. Yes. 7 Q. How did you first buy your first Bitcoin? 8 A. Probably on Coinbase. 9 Q. And Coinbase is a secondary exchange for 10 cryptocurrencies? 11 A. Yes. 12 Q. Can you approximate how many 13 cryptocurrencies you've ever purchased? And by 14 cryptocurrencies I mean different kinds of 15 cryptocurrency. 16 A. Maybe 20. Maybe -- somewhere between 20 17 and 30 probably. 18 Q. And did you buy -- how many of those did 19 you buy on the secondary market? 20 A. I guess all of them expect possibly for 21 Kin. 22 Q. So you said possibly. Is there a 23 possibility you bought Kin on the secondary market 24 at some point? 25 A. No. I didn't buy Kin on the secondary</p>	<p style="text-align: right;">Page 39</p> <p>1 have. 2 Q. It's just helpful for me to understand 3 your background. I know it seems funny but when you 4 saw -- I guess I should ask this. Do you recall in 5 2017 when cryptocurrency prices were going up? 6 A. Yes. 7 Q. Are you familiar with that time in the 8 market? 9 A. Yes. 10 Q. And is that -- when the prices of 11 cryptocurrencies generally are trending upward, does 12 that suggest to you that you should purchase 13 cryptocurrencies? 14 MS. D'ALLAIRD: Objection. 15 THE WITNESS: No. I purchase -- making a 16 purchase decision based on -- because there's a 17 bubble in progress does not seem like the right way 18 to make a purchase decision. 19 BY MS. BAILEY: 20 Q. Did you ever purchase cryptocurrency with 21 the hope that some day the market would trend 22 upward? 23 A. Yes. 24 Q. How did you evaluate the potential of a 25 given token before purchasing it?</p>
<p style="text-align: right;">Page 38</p> <p>1 market. The only Kin I bought was during the ICO. 2 Q. And again, I will probably use the term 3 TDE to refer to Kik's 2017 sale of Kin tokens just 4 because that's what comes naturally but just so I 5 understand when you use the term ICO, are you 6 talking about Kik's 2017 public sale of Kin's 7 tokens? 8 A. Yes. 9 Q. Why did you first start buying 10 cryptocurrencies? 11 A. Because I thought that they could be a 12 good investment. 13 Q. And that included Bitcoin? 14 A. Yes. 15 Q. Could you elaborate what you mean by that? 16 MS. D'ALLAIRD: Objection. 17 THE WITNESS: How could I elaborate on 18 that? 19 BY MS. BAILEY: 20 Q. Fair enough. Why did you think it would 21 be a good investment? 22 A. Well, there's a lot of reasons why 23 cryptocurrencies could be and can be useful. I 24 mean, I could go through them now but I don't have 25 any particular insight on this that anyone doesn't</p>	<p style="text-align: right;">Page 40</p> <p>1 A. Well, I guess it depends on the token. 2 But in the case of Kin I evaluated it as I said to 3 the SEC based on the seeming fact that the company 4 issuing the token had a user base and an existing 5 application and I thought that their proposed use 6 case of a cryptocurrency that could be traded 7 amongst people in a chat setting was a good use case 8 and was likely or at least possible to find product 9 market fit or whatever they call it. 10 Q. I promise we're going to talk more about 11 Kin in a second here but typically before Kin was it 12 your practice to research any materials that you 13 could find online based on other cryptocurrencies 14 you were purchasing on the secondary market? 15 MS. D'ALLAIRD: Objection. 16 THE WITNESS: That's a pretty vague 17 question. Yes, I did research and yes, the research 18 was on the Internet. 19 BY MS. BAILEY: 20 Q. I'll clarify my question. Did you ever 21 look for materials on the Internet related to a 22 given cryptocurrency before purchasing it? 23 A. Yes. 24 Q. What types of materials did you look for? 25 A. Well, in some cases I looked at the code.</p>

<p style="text-align: center;">Page 41</p> <p>1 If there was a public GitHub repository. GitHub is 2 a place where open source code is shared with the 3 world and certain cryptocurrencies have publicly 4 available code that can be reviewed. That's some of 5 the research I might have done.</p> <p>6 Q. Did you typically look up the white papers 7 associated with these projects?</p> <p>8 A. No.</p> <p>9 Q. So how did you first hear about Kik?</p> <p>10 A. Well, it looks like from this I got an 11 e-mail from my brother, although I probably -- I 12 probably -- I don't know if I heard about it from 13 him first or I read about it on a website like 14 CoinDesk or another crypto blog.</p> <p>15 Q. So before we get to this e-mail from your 16 brother which I want to ask about as well, before 17 even then had you ever heard of Kik, the company?</p> <p>18 A. Yes.</p> <p>19 Q. Had you ever used Kik before?</p> <p>20 A. No.</p> <p>21 Q. Did you know at that time who Kik's CEO 22 was?</p> <p>23 A. I wouldn't have known that by heart, no.</p> <p>24 Q. I should probably clarify my question. 25 Before you bought Kin in the TDE so leading up to</p>	<p style="text-align: center;">Page 43</p> <p>1 alluded to this but if you can remember had you ever 2 discussed Kik or Kin with Tony before he sent this 3 e-mail to you?</p> <p>4 A. I don't know.</p> <p>5 Q. So what I'm trying to do here is pinpoint 6 when about you first started looking into the Kin 7 project. Is it fair to say that August 23 would 8 have been around the time you first started looking 9 into Kin?</p> <p>10 A. I can't tell you for sure.</p> <p>11 Q. Would it be possible that you could have 12 heard about it much, much prior to that?</p> <p>13 A. Yes.</p> <p>14 Q. And did you start conducting research on 15 Kin before Tony sent you this e-mail?</p> <p>16 A. I don't know.</p> <p>17 Q. I know it's been a long time and I 18 appreciate you bearing with me. So outside of this 19 exchange can you specifically remember any 20 discussions with Tony that you had about Kin?</p> <p>21 A. No.</p> <p>22 Q. And if we go down a little bit on the page 23 there's an e-mail from Alexander Perls, that's you; 24 correct?</p> <p>25 A. Uh-huh, yes. That's me.</p>
<p style="text-align: center;">Page 42</p> <p>1 then did you ever know who Kik's CEO was?</p> <p>2 A. I mean, first of all let me go back to a 3 prior question about whether I read the white paper. 4 It is likely that I did skim the Kin white paper.</p> <p>5 Q. The Kin white paper?</p> <p>6 A. Yes. I may have looked at other -- looked 7 at, not read in detail -- I've looked at other white 8 papers of other tokens that I may have invested in. 9 Your last question was did I know who the CEO was. 10 Yes, I guess I did -- I mean I knew his name.</p> <p>11 Q. You did?</p> <p>12 A. Probably, yes.</p> <p>13 Q. Was he somebody who you were following in 14 the space?</p> <p>15 A. No.</p> <p>16 Q. Now, I'd love to talk about this e-mail 17 from Tony Rousmaniere. Is that your brother?</p> <p>18 A. Yes.</p> <p>19 Q. I'll direct you to what has been marked as 20 Exhibit 104. So there's a message at the very top 21 of the page from Tony Rousmaniere that appears to be 22 dated August 23, 2017 to Alexander. Is that you?</p> <p>23 A. Yes.</p> <p>24 Q. And all it has in this e-mail appears to 25 be just a link to Kin.Kik.com. You had already</p>	<p style="text-align: center;">Page 44</p> <p>1 Q. And then you say I'm going to put 2 50,000 -- 50K into it?</p> <p>3 A. Uh-huh.</p> <p>4 Q. So is this approximately the time when you 5 decided to put \$50,000 into the Kin project?</p> <p>6 MS. D'ALLAIRD: Objection. Go ahead.</p> <p>7 THE WITNESS: Yes, likely because as I 8 remember the actual purchase of the Kin happened 9 soon thereafter, like maybe -- I think maybe it was 10 in September -- I know it was September or October. 11 Right around then so that date looks familiar.</p> <p>12 BY MS. BAILEY:</p> <p>13 Q. Just to summarize, you're not sure exactly 14 when you first heard about Kin or first started 15 researching it, but was this around the time you 16 decided to purchase Kin?</p> <p>17 A. Yes.</p> <p>18 Q. And Tony says, "Yeah, me too." Do you 19 know if he ever purchased Kin?</p> <p>20 A. My understanding is that he did not.</p> <p>21 Q. Can you recall specifically any documents 22 that you reviewed before purchasing Kin?</p> <p>23 A. I can't remember in specific if I reviewed 24 any. But it's likely that I did look at the white 25 paper and looked at their website.</p>

<p style="text-align: right;">Page 45</p> <p>1 Q. So do you recall -- I'll start with this.</p> <p>2 Do you recall clicking on the link to Kin.Kik.com</p> <p>3 that Tony sent in this e-mail?</p> <p>4 A. I don't recall clicking on that link that</p> <p>5 day but it's likely that I did visit that website at</p> <p>6 some point.</p> <p>7 Q. So you would expect that you visited</p> <p>8 Kin.Kik.com at some point?</p> <p>9 A. Yes.</p> <p>10 Q. Did you review any of Kik's financial</p> <p>11 statements before buying Kin?</p> <p>12 MS. D'ALLAIRD: Objection.</p> <p>13 THE WITNESS: No.</p> <p>14 BY MS. BAILEY:</p> <p>15 Q. Did you ever ask for them?</p> <p>16 A. No.</p> <p>17 Q. So you've been just handed a document</p> <p>18 that's labeled 106. Are you familiar with the</p> <p>19 Wayback Machine?</p> <p>20 A. I am.</p> <p>21 (Exhibit 106 was marked for identification</p> <p>22 by the Reporter.)</p> <p>23 BY MS. BAILEY:</p> <p>24 Q. So I'll represent to you this is a screen</p> <p>25 grab from the Wayback Machine as you can see in the</p>	<p style="text-align: right;">Page 47</p> <p>1 MS. D'ALLAIRD: Objection.</p> <p>2 THE WITNESS: I don't remember.</p> <p>3 BY MS. BAILEY:</p> <p>4 Q. So do you see on the very first page</p> <p>5 there's a portion at the bottom right that says "Our</p> <p>6 vision." Do you see that now?</p> <p>7 A. Yes.</p> <p>8 Q. If you want to take a minute to read it --</p> <p>9 A. Okay.</p> <p>10 Q. Do you recall reading this at the time</p> <p>11 when you went to this website?</p> <p>12 A. I do not recall in specific.</p> <p>13 Q. Was this consistent with what your</p> <p>14 understanding was as the vision of Kin tokens as you</p> <p>15 understood it?</p> <p>16 MS. D'ALLAIRD: Objection.</p> <p>17 THE WITNESS: Yes.</p> <p>18 BY MS. BAILEY:</p> <p>19 Q. And I would like to hear about what your</p> <p>20 understanding of the Kin vision was. So if you have</p> <p>21 an understanding of what your beliefs were about</p> <p>22 what the vision for Kin was when you purchased Kin?</p> <p>23 MS. D'ALLAIRD: Objection.</p> <p>24 THE WITNESS: That this token would be</p> <p>25 used on their chat application and people would be</p>
<p style="text-align: right;">Page 46</p> <p>1 upper corner from the Kin.Kik.com website. This</p> <p>2 screen grab was taken from the date September 1,</p> <p>3 2017 as you can see in the middle of the top there.</p> <p>4 So I'm just trying to see if you recall --</p> <p>5 MS. D'ALLAIRD: Excuse me. I'll lodge an</p> <p>6 objection to this exhibit. Go ahead.</p> <p>7 BY MS. BAILEY:</p> <p>8 Q. I'm trying to understand whether this is</p> <p>9 the page that you viewed when you might have clicked</p> <p>10 on that link around that time?</p> <p>11 MS. D'ALLAIRD: Objection.</p> <p>12 THE WITNESS: Yes, it seems likely.</p> <p>13 BY MS. BAILEY:</p> <p>14 Q. Does this page look familiar to you?</p> <p>15 A. It does look vaguely familiar.</p> <p>16 Q. Do you remember now that you're seeing it</p> <p>17 clicking on any of the links on this page or the</p> <p>18 following page?</p> <p>19 MS. D'ALLAIRD: Objection.</p> <p>20 THE WITNESS: I don't remember in specific</p> <p>21 if I did or not.</p> <p>22 BY MS. BAILEY:</p> <p>23 Q. And how about the last page of this? It</p> <p>24 says 3 out of 3. Do you remember clicking on any of</p> <p>25 these articles?</p>	<p style="text-align: right;">Page 48</p> <p>1 exchanging these tokens and they would serve as an</p> <p>2 incentive for whatever kind of activity people would</p> <p>3 be doing on this chat application.</p> <p>4 BY MS. BAILEY:</p> <p>5 Q. So is it your understanding -- I guess</p> <p>6 I'll rephrase. Was it your understanding before you</p> <p>7 purchased Kin that Kin could only be used on the</p> <p>8 chat application?</p> <p>9 MS. D'ALLAIRD: Objection.</p> <p>10 THE WITNESS: I didn't consider that</p> <p>11 issue. I don't think I had an opinion either way.</p> <p>12 By nature -- for example, if this was running, which</p> <p>13 it was at the time, on the Ethereum network it</p> <p>14 seems, there really isn't a way to restrict the</p> <p>15 usage of cryptocurrencies to just one application.</p> <p>16 It's like saying TCP/IP is protocol in which data is</p> <p>17 transferred over the Internet. It built into</p> <p>18 TCP/IP -- there is not -- built into that protocol</p> <p>19 any method for preventing other people to use --</p> <p>20 preventing certain applications from using it or not</p> <p>21 using it, nor to prevent the usage of something like</p> <p>22 a protocol, that's when you get into the worlds of</p> <p>23 DRM, digital rights management, which are meant to</p> <p>24 restrict the usage -- anyway, the Kin token, if I</p> <p>25 had read this at the time it would make sense</p>

<p style="text-align: center;">Page 49</p> <p>1 because I would have thought oh, yes, they're going 2 to use this token on the chat application but it's 3 decentralized so anyone can use it on any 4 application. It all sounds reasonable to me. 5 BY MS. BAILEY:</p> <p>6 Q. Can you recall if the Kin token code was 7 open source at the time?</p> <p>8 MS. D'ALLAIRD: Objection. 9 THE WITNESS: I can't recall. 10 BY MS. BAILEY:</p> <p>11 Q. So you don't recall reviewing the code for 12 Kin?</p> <p>13 MS. D'ALLAIRD: Objection. 14 THE WITNESS: I don't think I reviewed it. 15 BY MS. BAILEY:</p> <p>16 Q. So just to drill down a little bit on what 17 you just said, so you testified earlier that it's 18 your memory that Kin was run on the Ethereum 19 blockchain when it was launched. Is your 20 understanding of tokens that run on the Ethereum 21 blockchain that they can be integrated into any app 22 that people choose?</p> <p>23 MS. D'ALLAIRD: Objection. 24 THE WITNESS: Yes. 25 ///</p>	<p style="text-align: center;">Page 51</p> <p>1 about it and I thought that then they were going to 2 probably -- to migrate Kin to another blockchain, 3 now that I think about it. And we were investing in 4 this thing that you would then trade in for the real 5 Kin which would come out on a different blockchain. 6 BY MS. BAILEY:</p> <p>7 Q. Do you remember learning that information 8 before you bought Kin in the TDE or after?</p> <p>9 A. I don't recall when I learned that. 10 Q. Was that a significant consideration for 11 you before you purchased Kin?</p> <p>12 MS. D'ALLAIRD: Objection. 13 THE WITNESS: Was what -- 14 BY MS. BAILEY:</p> <p>15 Q. You described this understanding that Kin 16 would ultimately be migrated onto a new blockchain, 17 but you told me you couldn't remember one way or the 18 other whether you had known that information before 19 the TDE. I'm trying to understand whether that 20 concept of whether Kin would be migrated to a new 21 blockchain was important to you or a substantial 22 consideration for you before you bought Kin in the 23 TDE.</p> <p>24 MS. D'ALLAIRD: Objection. 25 THE WITNESS: Probably it was not</p>
<p style="text-align: center;">Page 50</p> <p>1 BY MS. BAILEY:</p> <p>2 Q. And then when that occurs -- I know you 3 spoke about this a bit ago but walk me through, do 4 the nodes validate that transaction on the Ethereum 5 blockchain?</p> <p>6 A. Yes.</p> <p>7 Q. And to your understanding that process is 8 decentralized in nature?</p> <p>9 MS. D'ALLAIRD: Objection.</p> <p>10 THE WITNESS: Well, with Ethereum it's a 11 little tricky because Ethereum is not as 12 decentralized as it should be and the actual -- I 13 haven't looked into this stuff in a few months 14 really, but when I last left Ethereum is that they 15 have these super nodes and there's only certain 16 nodes that can validate everything. But in general 17 the idea with Bitcoin and the hope with Ethereum is 18 to have a network where yes, a transaction can be 19 independently verified in a decentralized fashion.</p> <p>20 When I say I didn't -- now that you 21 mention -- now that I'm recalling that it was built 22 on Ethereum I think that they were issuing the token 23 on the Ethereum network so I did know a little bit 24 at that point about the Ethereum network. Not as 25 much as I learned later but I knew a little bit</p>	<p style="text-align: center;">Page 52</p> <p>1 something I thought about too much. 2 BY MS. BAILEY:</p> <p>3 Q. Okay. When I'm asking questions just make 4 sure you let me get the full question out and let 5 her lodge her objection.</p> <p>6 Are you familiar with the concept called 7 peer-to-peer transactions?</p> <p>8 A. Yes.</p> <p>9 Q. Is it your understanding that 10 cryptocurrencies that are available on Ethereum can 11 be transacted or traded peer to peer?</p> <p>12 MS. D'ALLAIRD: Objection.</p> <p>13 THE WITNESS: Technically I'm a little 14 vague on that because the -- I think it's common to 15 refer to cryptocurrencies as peer to peer. Yes, 16 they're peer to peer. They go through nodes that -- 17 it's not like you directly transfer any kind of 18 cryptocurrency from person to person. It all has to 19 go through a node. But I think it's commonly 20 referred to as peer to peer because it's not like 21 it's going through a trusted authority.</p> <p>22 BY MS. BAILEY:</p> <p>23 Q. That's a good point. You probably know a 24 lot more than I do about what peer to peer means so 25 can you explain to me what your understanding of</p>

<p style="text-align: right;">Page 53</p> <p>1 that term is?</p> <p>2 A. Well, a true peer to peer would be more 3 like file sharing protocols and like say for example 4 torrents where you're just broadcasting the 5 availability of something on a certain protocol and 6 port and you're allowing those ports to be open to 7 the Internet so they can be scanned. Whereas with 8 cryptocurrency I don't think that it's -- you 9 communicate with a node and that node communicates 10 with other nodes and those other nodes communicate 11 with other users.</p> <p>12 So it's like you, your nodes and another 13 user, whereas I think true peer to peer would be 14 just me communicating with other users without even 15 centralized nodes at all. Does that help?</p> <p>16 Q. Yeah. That's helpful. So I guess let's 17 set aside the definition of peer to peer and I guess 18 my question is really whether on the Ethereum 19 blockchain it's capable for one cryptocurrency owner 20 to transfer that cryptocurrency to the wallet of 21 somebody else or another company?</p> <p>22 MS. D'ALLAIRD: Objection.</p> <p>23 THE WITNESS: It is possible. That's the 24 point of -- yes, cryptocurrencies.</p> <p>25 ///</p>	<p style="text-align: right;">Page 55</p> <p>1 BY MS. BAILEY:</p> <p>2 Q. So the last question on this document 3 Exhibit 106 is -- I know it's not printed very well 4 but at the very bottom of page 1 it says, "The 5 introduction of Kin" in a blue box. It says, 6 "Envisioned as a general purpose cryptocurrency for 7 use in every day digital services." And then it 8 continues on.</p> <p>9 A. I see that.</p> <p>10 Q. What does that mean to you?</p> <p>11 A. Not very much. I mean you can envision 12 anything.</p> <p>13 Q. But the terminology general -- general 14 purpose cryptocurrency for use in every day digital 15 services. What does that mean to you?</p> <p>16 A. It means very little because at this time 17 you could have found 10,000 people -- businesses or 18 individuals who were creating cryptocurrencies, 19 especially on the Ethereum network where currency 20 can be made very easily, who would all be saying the 21 same thing. They're creating a general purpose 22 cryptocurrency that everyone is going to use every 23 day. So it doesn't mean much I don't think.</p> <p>24 Q. Did you perceive Kin to be set apart from 25 those other projects when you purchased it?</p>
<p style="text-align: right;">Page 54</p> <p>1 BY MS. BAILEY:</p> <p>2 Q. So was that true of Kin when you received 3 it?</p> <p>4 MS. D'ALLAIRD: Objection.</p> <p>5 THE WITNESS: It must have been since it 6 went from them to my Ethereum wallet.</p> <p>7 BY MS. BAILEY:</p> <p>8 Q. And at that point could you have sent it 9 to another Ethereum wallet?</p> <p>10 MS. D'ALLAIRD: Objection.</p> <p>11 THE WITNESS: Yes.</p> <p>12 BY MS. BAILEY:</p> <p>13 Q. So if I for example told you at that time 14 I will sell you a sandwich for 100 Kin if you 15 transfer me 100 Kin to my Ethereum wallet, could 16 that transaction have taken place?</p> <p>17 MS. D'ALLAIRD: Objection.</p> <p>18 THE WITNESS: Yes.</p> <p>19 BY MS. BAILEY:</p> <p>20 Q. So I mean, sandwich is kind of a silly 21 example but could that have been the case with 22 virtually anything I wanted to sell you at the time?</p> <p>23 MS. D'ALLAIRD: Objection.</p> <p>24 THE WITNESS: Yes.</p> <p>25 ///</p>	<p style="text-align: right;">Page 56</p> <p>1 MS. D'ALLAIRD: Objection.</p> <p>2 THE WITNESS: Set apart? Not technically 3 but set apart that there was an existing business 4 and an existing -- hopefully an existing group of 5 people who could start using the thing.</p> <p>6 BY MS. BAILEY:</p> <p>7 Q. Is it fair to say that you thought Kin had 8 a better chance of actually achieving the goal of 9 becoming a cryptocurrency for use in everyday 10 digital services than others?</p> <p>11 MS. D'ALLAIRD: Objection.</p> <p>12 THE WITNESS: Yes.</p> <p>13 BY MS. BAILEY:</p> <p>14 Q. So if reading this today would you agree 15 that Kin was marketed as a tool to be used for 16 consumptive use?</p> <p>17 MS. D'ALLAIRD: Objection.</p> <p>18 THE WITNESS: A tool to be used for 19 consumptive -- what does that mean?</p> <p>20 BY MS. BAILEY:</p> <p>21 Q. I should rephrase the question. Was Kin 22 marketed as a currency to be used consumptively for 23 digital services?</p> <p>24 MS. D'ALLAIRD: Objection.</p> <p>25 THE WITNESS: Was it marketed as that?</p>

<p style="text-align: right;">Page 57</p> <p>1 BY MS. BAILEY:</p> <p>2 Q. Uh-huh.</p> <p>3 A. I mean -- I mean yes, I guess so because</p> <p>4 there would be users in their application and maybe</p> <p>5 other people would write applications that would use</p> <p>6 it and then you would be able to buy things. Like</p> <p>7 you would be able to trade it over the chat system.</p> <p>8 Q. Okay. Thank you. I'm not trying to be</p> <p>9 cute with my words or anything. I'm just trying to</p> <p>10 find out if you thought it would be used in digital</p> <p>11 services?</p> <p>12 MS. D'ALLAIRD: Objection.</p> <p>13 THE WITNESS: Yes.</p> <p>14 BY MS. BAILEY:</p> <p>15 Q. Was it your understanding then that people</p> <p>16 would be using Kin after they received it?</p> <p>17 MS. D'ALLAIRD: Objection.</p> <p>18 THE WITNESS: That's too vague. Can you</p> <p>19 narrow that question a bit?</p> <p>20 BY MS. BAILEY:</p> <p>21 Q. Sure. Were you hoping as somebody who</p> <p>22 purchased Kin that people would use it after they</p> <p>23 received it?</p> <p>24 MS. D'ALLAIRD: Objection.</p> <p>25 THE WITNESS: Depends on what you mean by</p>	<p style="text-align: right;">Page 59</p> <p>1 there was a small chance that in the future it would</p> <p>2 be used widely.</p> <p>3 BY MS. BAILEY:</p> <p>4 Q. We discussed this earlier but it was</p> <p>5 possible on day one when people received it for</p> <p>6 people to transact with it; right?</p> <p>7 MS. D'ALLAIRD: Objection.</p> <p>8 THE WITNESS: I think I interpreted your</p> <p>9 question as would it be widely used. When I</p> <p>10 purchased it I thought it was likely to be used at</p> <p>11 least once for somebody to do a test transaction</p> <p>12 with, yes.</p> <p>13 BY MS. BAILEY:</p> <p>14 Q. So what you were testifying to in response</p> <p>15 to my question earlier was assuming I meant that</p> <p>16 would this be widely used in large scale fashion.</p> <p>17 So what I'm actually just trying to get at is a lot</p> <p>18 more simple than that. Do you think people would</p> <p>19 use Kin for transacting for digital services in any</p> <p>20 capacity when you bought it at some point?</p> <p>21 MS. D'ALLAIRD: Objection.</p> <p>22 THE WITNESS: Yes.</p> <p>23 BY MS. BAILEY:</p> <p>24 Q. So I'd like to -- actually before I move</p> <p>25 on can you recall watching any videos before you</p>
<p style="text-align: right;">Page 58</p> <p>1 use.</p> <p>2 BY MS. BAILEY:</p> <p>3 Q. So were you hoping that people who</p> <p>4 received Kin in the token sale, the TDE or ICO,</p> <p>5 would use it to transact for various digital</p> <p>6 services within the chat application or anything</p> <p>7 else?</p> <p>8 MS. D'ALLAIRD: Objection.</p> <p>9 THE WITNESS: Yes.</p> <p>10 BY MS. BAILEY:</p> <p>11 Q. Did you expect that people would use it</p> <p>12 for those purposes?</p> <p>13 MS. D'ALLAIRD: Objection.</p> <p>14 THE WITNESS: Expect is too strong a word</p> <p>15 for a very -- the word isn't risky. There's another</p> <p>16 word that's like risky -- speculative investment.</p> <p>17 BY MS. BAILEY:</p> <p>18 Q. So you can use whatever word is</p> <p>19 comfortable. But I'm trying to get at whether you</p> <p>20 believed at that time when you purchased Kin that it</p> <p>21 would ultimately be something people used to buy and</p> <p>22 sell digital services?</p> <p>23 MS. D'ALLAIRD: Objection.</p> <p>24 THE WITNESS: Because the investment was</p> <p>25 so speculative at the time I would have thought</p>	<p style="text-align: right;">Page 60</p> <p>1 purchased Kin relating to Kin?</p> <p>2 A. No.</p> <p>3 Q. How about reading any medium posts maybe?</p> <p>4 A. I may have skimmed one.</p> <p>5 Q. Did anything jump out at you as something</p> <p>6 you relied on for making your purchase?</p> <p>7 A. No.</p> <p>8 Q. Can you recall listening to any podcasts</p> <p>9 about Kin before you purchased it?</p> <p>10 A. No.</p> <p>11 Q. How about do you follow any social media</p> <p>12 channels that relate to Kin?</p> <p>13 A. No.</p> <p>14 Q. And you didn't in 2017 either?</p> <p>15 A. Correct.</p> <p>16 Q. So you didn't rely on anything you saw in</p> <p>17 video clips or a podcast interview or medium</p> <p>18 articles or on social media before you bought Kin.</p> <p>19 A. It's possible I might have skimmed a</p> <p>20 medium article and, as I said, read a few articles</p> <p>21 in Coinbase and I probably looked at the white</p> <p>22 paper. I probably looked at this website, but</p> <p>23 nothing else comes to mind.</p> <p>24 Q. So just to put a finer point on that is it</p> <p>25 fair to say at least in deciding to purchase Kin you</p>

<p style="text-align: right;">Page 61</p> <p>1 did not rely on any videos or speeches that you saw 2 involving Kik's CEO? 3 MS. D'ALLAIRD: Objection. 4 THE WITNESS: I don't think that I did. 5 BY MS. BAILEY: 6 Q. Okay. So now I just want to talk about 7 some of the nuts and bolts of your purchase of Kin. 8 I think you've already been over this but do you 9 recall approximately how much Kin you purchased in 10 the token sale? 11 A. I keep forgetting how much it was but the 12 SEC at one point reminded me and that seems to be 13 correct. 14 Q. \$50,000 seems to be correct? 15 A. That seems correct. 16 Q. Did you ever purchase more Kin after the 17 TDE? 18 A. I vaguely remember that there was -- I 19 don't think so, but I vaguely remember that like it 20 didn't sell out or something so there was like more 21 left over and then I -- I don't think I did. I 22 think I -- maybe I was -- I can't remember. No, I 23 think there was just like this one instance where I 24 sent some Ethereum and that was it. 25 Q. But you didn't purchase any on secondary</p>	<p style="text-align: right;">Page 63</p> <p>1 the sale? 2 A. I can't remember. But clearly I invested 3 more than that, didn't I, so I must have waited 4 until the cap was raised. 5 Q. So where it says "Wednesday, September 13" 6 it says, "The maximum participation cap will be 7 incrementally raised over the first hour and then 8 removed." 9 A. That seems likely that that's what I did. 10 I mean, I waited until then or something like that. 11 Q. So going back to the beginning of this 12 section it says, "In order to enable as many people 13 to participate." Was that something that you 14 remember hearing from Kik about the token sale, that 15 it's goal was to enable people -- as many people as 16 possible to participate in the sale? 17 MS. D'ALLAIRD: Objection. 18 THE WITNESS: If I heard it I mean, that 19 statement has no meaning. It's like Coke makes you 20 happy. That is what you would say when you were 21 running an ICO obviously. 22 BY MS. BAILEY: 23 Q. Couldn't one say we want as much money as 24 we can possibly get? 25 A. That would be poor marketing.</p>
<p style="text-align: right;">Page 62</p> <p>1 markets -- or secondary exchanges? Sorry. 2 A. No, I did not. 3 Q. Do you recall there being any caps on the 4 amount that you were allowed to purchase? 5 A. It seems likely. 6 Q. So I can direct you to if we go back to 7 Exhibit 104 on page with the Bates label 0000004. 8 It's the second page on the back. Is this an e-mail 9 you produced to the SEC? 10 A. Yes. 11 Q. So if you see about four or five lines 12 down it says, "The TDE will be capped at 75,000,000. 13 In order to enable as many people to participate we 14 will have two phases of the TDE," and then it goes 15 on to describe what the two phases are. 16 A. Right. 17 Q. Does that refresh your recollection as to 18 what the purchase caps were? 19 A. Yes. 20 Q. So in the line beginning with the word 21 "Tuesday" it says, "For the first 24 hours each 22 registered individual will be able to purchase up to 23 \$4,393." 24 A. Yes. 25 Q. Were you aware of that cap at the time of</p>	<p style="text-align: right;">Page 64</p> <p>1 Q. That's fair. With your understanding of 2 how the Kin project would unfold, would it be 3 important to you as a purchaser to know that it was 4 being widely distributed to many, many individuals? 5 MS. D'ALLAIRD: Objection. 6 THE WITNESS: Important. I guess it would 7 be a nice thing. 8 BY MS. BAILEY: 9 Q. Why would that be nice? 10 A. Because with some of these ICOs I -- I 11 guess subsequently learned there was a bunch of very 12 sketchy, possibly illegal presales going on where 13 chunks of it were sold off to the big -- to the 14 whales to begin with and then in order to 15 basically -- and then those people would just turn 16 around and sell it again. 17 And I know that some of the -- some 18 various entrepreneurs have gotten in trouble. I've 19 read they got in trouble for doing that and the 20 SEC -- SEC or someone else said you're not allowed 21 to do that. So if I had learned or learned now that 22 that was the case with Kin and that there were not 23 that many participating then -- yeah, it would not 24 be -- it would not be great a recommendation of the 25 process as a whole.</p>

<p style="text-align: right;">Page 65</p> <p>1 Q. So you're approaching that from the 2 perspective of your understanding that in the past 3 projects in certain -- we've called them whales have 4 gotten in trouble with regulators for that kind of 5 behavior. Is that the perspective that you're 6 coming to that conclusion from?</p> <p>7 MS. D'ALLAIRD: Objection.</p> <p>8 THE WITNESS: Yeah, but also that behavior 9 is just -- it's possibly illegal and definitely 10 unethical.</p> <p>11 BY MS. BAILEY:</p> <p>12 Q. So if a token is going to be -- I'll use 13 that language again, general use cryptocurrency for 14 digital services would it be important for many 15 people to have it?</p> <p>16 MS. D'ALLAIRD: Objection.</p> <p>17 THE WITNESS: Yes.</p> <p>18 BY MS. BAILEY:</p> <p>19 Q. Why is that?</p> <p>20 A. Because if -- there has to be a critical 21 mass of users in order to make something useful as a 22 medium of exchange.</p> <p>23 Q. So as a purchaser of Kin is it a positive 24 to you that Kik was intending to distribute Kin at 25 least according to this statement here to as many</p>	<p style="text-align: right;">Page 67</p> <p>1 it. But that doesn't answer the question of what 2 was really going on and it's possible that -- I'm 3 guessing that it's possible that what may have 4 really been going on is that chunks were being sold 5 off to big investors beforehand with the idea they 6 would flip it quickly back to the suckers.</p> <p>7 Possibly.</p> <p>8 I know that happened with other ICOs, 9 maybe it happened with Kin. I don't really know one 10 way or the other but the fact -- what you're 11 pointing out here is like their intention, they're 12 making these noises about it being a broad-based 13 thing literally has no meaning.</p> <p>14 As I said, it's like marketing materials. 15 It's like Sprite telling you you're going to be 16 active and happy and everyone is going to love you 17 if you drink Sprite. It's just noise. It doesn't 18 mean anything necessarily.</p> <p>19 BY MS. BAILEY:</p> <p>20 Q. So what I'm actually trying to get at, 21 setting a cap for the first 24 hours is at least a 22 measure in your view to ensure that there was an 23 opportunity for many people to purchase Kin.</p> <p>24 MS. D'ALLAIRD: Objection.</p> <p>25 ///</p>
<p style="text-align: right;">Page 66</p> <p>1 people as possible?</p> <p>2 MS. D'ALLAIRD: Objection.</p> <p>3 THE WITNESS: No, because what they 4 intended was part of their like marketing materials. 5 And that intention didn't differ in any substantial 6 way from any of the other zillions of ICOs that were 7 happening at the same time.</p> <p>8 BY MS. BAILEY:</p> <p>9 Q. I know you said that you haven't 10 participated in any other ICOs but were you aware of 11 other ICOs that had any individual caps on purchases 12 for any amount of time?</p> <p>13 MS. D'ALLAIRD: Objection.</p> <p>14 THE WITNESS: I don't know.</p> <p>15 BY MS. BAILEY:</p> <p>16 Q. So you can see that Kik put a cap on 17 individual purchases for 24 hours. Wouldn't that 18 ensure that people who wanted to purchase Kin would 19 have at least the opportunity to within that first 20 24 hours?</p> <p>21 MS. D'ALLAIRD: Objection.</p> <p>22 THE WITNESS: I guess that's the -- it's 23 the intention to actually allow a broader base of 24 people to buy it or to make it seem like they were 25 intending to allow a broader base of people to buy</p>	<p style="text-align: right;">Page 68</p> <p>1 BY MS. BAILEY:</p> <p>2 Q. Is that fair to say?</p> <p>3 MS. D'ALLAIRD: Objection.</p> <p>4 THE WITNESS: No because it could be a 5 marketing measure as opposed to a -- the actual 6 effect of it is unknown.</p> <p>7 BY MS. BAILEY:</p> <p>8 Q. Let me pose a different hypothetical to 9 you. As somebody who follows the space have you 10 ever heard of these sales that have a cap and then 11 they get bought up instantaneously with a few very, 12 very, very large purchasers? Are you familiar with 13 that concept?</p> <p>14 MS. D'ALLAIRD: Objection.</p> <p>15 THE WITNESS: Yes. I'm familiar.</p> <p>16 BY MS. BAILEY:</p> <p>17 Q. So would that be possible -- I'll 18 rephrase. Wouldn't it have helped in those 19 situations if purchasers at least within the first 20 24 hours weren't able to buy more than \$4,000 worth 21 because it meant more of the smaller purchasers had 22 a chance to buy some of the cryptocurrency?</p> <p>23 MS. D'ALLAIRD: Objection.</p> <p>24 THE WITNESS: Yes, assuming that such a 25 rule was actually followed by the seller of the</p>

<p style="text-align: right;">Page 69</p> <p>1 token. And there weren't other deals that had gone 2 on prior to that or in addition to that. But yes, 3 just as a question of basically economics, if 4 there's a store that's selling some hot new sneaker 5 and they say -- it's kind of like the one per 6 customer thing. Right? I guess that enables more 7 people to go and get the sneakers and make sure that 8 the scalpers don't buy it all up and resell it. As 9 long as that is happening in an honest fashion.</p> <p>10 BY MS. BAILEY:</p> <p>11 Q. Do you have any reason to dispute that the caps in the case of the Kin sale were enforced?</p> <p>12 MS. D'ALLAIRD: Objection.</p> <p>13 THE WITNESS: I don't have reason to dispute that.</p> <p>14 BY MS. BAILEY:</p> <p>15 Q. And on the flip side of that were you aware when you purchased Kin that there was no minimum purchase amount required?</p> <p>16 MS. D'ALLAIRD: Objection.</p> <p>17 THE WITNESS: I was not aware.</p> <p>18 BY MS. BAILEY:</p> <p>19 Q. Have you ever heard of another project having that structure before?</p> <p>20 MS. D'ALLAIRD: Objection.</p>	<p style="text-align: right;">Page 71</p> <p>1 BY MS. BAILEY:</p> <p>2 Q. So in that sense in this case is it your view that that was a marketing ploy?</p> <p>3 MS. D'ALLAIRD: Objection.</p> <p>4 THE WITNESS: Marketing ploy?</p> <p>5 BY MS. BAILEY:</p> <p>6 Q. I'm not trying to change your terminology. I think earlier you said it was a marketing tool so do you think it was a tool that was used by Kik in this case?</p> <p>7 MS. D'ALLAIRD: Objection.</p> <p>8 THE WITNESS: Yes, I guess. That was a feature -- that was part of the feature of the sale, it's possible that to some investors they would have said this is great. There's no floor on it. Which means a lot of people are going to buy into it or something like that.</p> <p>9 BY MS. BAILEY:</p> <p>10 Q. Okay. Are you familiar with the term called "micro-transactions"?</p> <p>11 A. Yes.</p> <p>12 Q. What does that term mean to you?</p> <p>13 A. Typically I think it refers to the ability to make purchases for very small amounts of money which when translated into for example US dollars</p>
<p style="text-align: right;">Page 70</p> <p>1 THE WITNESS: I haven't heard either way.</p> <p>2 BY MS. BAILEY:</p> <p>3 Q. So what is your takeaway from the fact that people -- there was no minimum purchase requirement?</p> <p>4 MS. D'ALLAIRD: Objection.</p> <p>5 THE WITNESS: Theoretically it was part of their marketing tactic to make it -- I mean, so many of the ICOs are going for this idea of scale and show how decentralized it is so one of the marketing tactics that would come along with that might be to say yeah, we're going to have no minimum so the little players can get in and buy little bits of it.</p> <p>6 BY MS. BAILEY:</p> <p>7 Q. Are you aware of any other projects that had minimum purchase requirements, meaning you had to buy at least a certain amount of cryptocurrency?</p> <p>8 MS. D'ALLAIRD: Objection.</p> <p>9 THE WITNESS: I'm not aware.</p> <p>10 BY MS. BAILEY:</p> <p>11 Q. Do you know if it was ever marketed to the public these -- that there was no minimum purchase requirement?</p> <p>12 MS. D'ALLAIRD: Objection.</p> <p>13 THE WITNESS: I'm not aware.</p>	<p style="text-align: right;">Page 72</p> <p>1 might be one penny or tenth of a penny or hundredth of a penny or five cents or ten cents. All those figures are values of transactions for which the existing credit cards system does not work very well or work at all.</p> <p>2 Q. Did you expect that Kin would be used for micro-transactions?</p> <p>3 A. I didn't -- well, I mean, if the Kin project was going to be successful, if the project on the whole would be successful, yes, I would expect that it would be used for micro-transactions. I just want to reiterate that my expectation of the Kin project was that it would fail because most of these projects did fail and have failed and will fail. So I don't want -- I didn't have an expectation that any of this would happen, but if it were to succeed, I would expect that one of the features of its use would be its usage for micro-transactions.</p> <p>4 Q. I asked two questions. One, I'd like to understand more about why did you buy Kin if you thought the project would fail?</p> <p>5 MS. D'ALLAIRD: Objection.</p> <p>6 THE WITNESS: Because I thought that there was -- there was a chance that it would succeed and</p>

<p style="text-align: right;">Page 73</p> <p>1 the value of Kin would go up exponentially. 2 BY MS. BAILEY: 3 Q. And you focused on the word expectation, 4 and I'm not trying to necessarily ask you about 5 whether you expected that it would be ultimately 6 used at the scale of micropayments that its 7 potential foretold, but I'm trying to understand 8 whether you think that was part of the messaging 9 that Kik had presented to the public about how Kin 10 was a different option for a currency for digital 11 services?</p> <p>12 MS. D'ALLAIRD: Objection. 13 BY MS. BAILEY: 14 Q. Is that fair to say? 15 MS. D'ALLAIRD: Objection. 16 THE WITNESS: You're asking was part of 17 their messaging the proposal that it would enable 18 micro-transactions, and my answer is yes, that was 19 likely part of their messaging. However, that kind 20 of applies to most cryptocurrency projects. 21 BY MS. BAILEY: 22 Q. So just to -- 23 A. If not all; right? 24 Q. Just to circle back, so if people -- there 25 was no minimum requirement, meaning people could buy</p>	<p style="text-align: right;">Page 75</p> <p>1 THE VIDEO OPERATOR: We're back on the 2 record. The time is 11:08 A.M. 3 BY MS. BAILEY: 4 Q. So in your view when you purchased Kin how 5 could Kin become successful? 6 MS. D'ALLAIRD: Objection. 7 THE WITNESS: By a lot of people using the 8 Kin token for transactions. 9 BY MS. BAILEY: 10 Q. So just to look at the flip side of that, 11 could the project have succeeded if nobody ever 12 transacted in Kin? 13 MS. D'ALLAIRD: Objection. 14 THE WITNESS: Well, from an investor 15 standpoint yes, I guess it could of. Because if 16 you're an investor you want the value of it to go up 17 and there are plenty of examples of cryptocurrencies 18 that virtually no one uses for any real reason which 19 have gone up in value. 20 BY MS. BAILEY: 21 Q. I want to drill down on that. I think you 22 just said that Kin specifically could only be 23 successful if it was used -- 24 A. I would want you to define successful. 25 Q. That's a good point. Earlier you had said</p>
<p style="text-align: right;">Page 74</p> <p>1 one dollar worth of Kin tokens, would that be 2 consistent with the ultimate use case for the token 3 being micro-transactions? 4 MS. D'ALLAIRD: Objection. 5 THE WITNESS: I think that's confusing two 6 different things. The first thing you're talking 7 about is, is there a broad based set of retail 8 investors, and the broad base set of retail 9 investors could include people who could only put in 10 ten bucks; right? The second question is in regard 11 to the actual usage, eventual usage of it -- I lost 12 my train of thought here. 13 But no, I don't think that the fact that 14 they had no minimum purchase thing hardly seems 15 related to whether or not it would be used for 16 micro-transactions in the future. 17 BY MS. BAILEY: 18 Q. So your understanding of that is that 19 those two concepts are not related? 20 A. They're not related. 21 MS. BAILEY: We'll take another ten-minute 22 break. 23 THE VIDEO OPERATOR: We're going off the 24 record. The time is 10:53 A.M. 25 (Recess taken.)</p>	<p style="text-align: right;">Page 76</p> <p>1 you didn't expect the project to be successful. I 2 think that was the word you used. If I'm misquoting 3 you tell me. But that's the concept I'm trying to 4 draw out now. What would have to happen for the 5 project to be quote, unquote, successful as a 6 business model in your view? 7 MS. D'ALLAIRD: Objection. 8 THE WITNESS: A business model for the Kik 9 company you mean? 10 BY MS. BAILEY: 11 Q. Or any company that used Kin? 12 MS. D'ALLAIRD: Objection. 13 THE WITNESS: Well, this gets confusing to 14 talk about because most of the money that's been 15 made through cryptocurrencies the vast majority is 16 speculation on currencies, not usage by humans. So 17 I want to walk back my previous statement about it 18 could only be successful if people used it. For an 19 investor and from a company perspective also, I mean 20 the best way to talk about this is by maybe another 21 example in the same space. If we look at that 22 company in San Francisco that has one of the leading 23 cryptocurrencies, not Stellar -- Ripple. Ripple. 24 That's very successful. The people who 25 sold Ripple have made hundreds of millions of</p>

<p style="text-align: right;">Page 77</p> <p>1 dollars as far as I understand. A bunch of suckers 2 bought it. It's gone way down. It's been very 3 successful for the people on the inside who created 4 the cryptocurrency and sold it and been successful, 5 but it's not like there's really hardly any users of 6 this cryptocurrency.</p> <p>7 BY MS. BAILEY:</p> <p>8 Q. I want to separate this out. The side 9 that I want to focus on for the time being is the 10 vision for how Kin would be used as Kik had 11 portrayed it to the public before the token sale. 12 So was it your understanding that Kin was a new 13 option for a business model for various applications 14 or developers?</p> <p>15 MS. D'ALLAIRD: Objection.</p> <p>16 THE WITNESS: Yes, it could be. The idea 17 was that it could be used by other application 18 developers, yes.</p> <p>19 BY MS. BAILEY:</p> <p>20 Q. So in that sense, just in that sense could 21 it become successful at that goal if it weren't 22 used?</p> <p>23 MS. D'ALLAIRD: Objection.</p> <p>24 THE WITNESS: No.</p> <p>25 ///</p>	<p style="text-align: right;">Page 79</p> <p>1 A. Yes.</p> <p>2 Q. Have you ever seen that happen in your 3 experience?</p> <p>4 A. Yes.</p> <p>5 Q. So earlier you testified that you 6 generally follow cryptocurrency markets and have 7 been doing so since 2013; is that right?</p> <p>8 A. Yes.</p> <p>9 Q. So in that time this is something you have 10 observed happening?</p> <p>11 MS. D'ALLAIRD: Objection.</p> <p>12 THE WITNESS: Yes.</p> <p>13 BY MS. BAILEY:</p> <p>14 Q. Would that be, in your experience would 15 that be irrespective of anything Kik or any other 16 company did to cause the prices of all the 17 cryptocurrencies to inflate?</p> <p>18 MS. D'ALLAIRD: Objection.</p> <p>19 THE WITNESS: It wouldn't be completely 20 irrespective because clearly for any of the 21 currencies, even those that don't have a company 22 behind them, there are developers, so clearly their 23 success is at least somewhat related to the work the 24 developers have done on the application.</p> <p>25 ///</p>
<p style="text-align: right;">Page 78</p> <p>1 BY MS. BAILEY:</p> <p>2 Q. I want to ask a few followup questions 3 about the other side of it that you've referenced 4 which is that the price can go up irrespective of 5 use or whether it was being used. So with a 6 cryptocurrency like Kin where its primary intention 7 is to be used, why would it go up in value even if 8 it weren't being used?</p> <p>9 MS. D'ALLAIRD: Objection.</p> <p>10 THE WITNESS: You just said its primary 11 intention which is both vague and like -- I don't 12 really -- my guess would be the primary intention of 13 Kin would be for the people who run Kik to make a 14 large pile of money selling it and it going up in 15 price. To do that they would have to have a lot 16 of -- it would be most likely to go up in price if 17 there were either a lot of real users or there was a 18 perception that there were a lot of real users.</p> <p>19 BY MS. BAILEY:</p> <p>20 Q. That's fair. I didn't mean to put any 21 words in your mouth or ascribe any meaning to what 22 the purpose was, but what I'm trying to understand 23 is it possible for the market forces of the industry 24 generally to drive the value of cryptocurrencies up 25 and down?</p>	<p style="text-align: right;">Page 80</p> <p>1 BY MS. BAILEY:</p> <p>2 Q. So say Ethereum or another blockchain 3 that's already been launched, is it possible that 4 the price of ether or any other cryptocurrency could 5 go up and down in value based on factors that don't 6 have anything to do with what the Ethereum 7 foundation is doing?</p> <p>8 MS. D'ALLAIRD: Objection.</p> <p>9 THE WITNESS: You just said don't have 10 anything to do.</p> <p>11 BY MS. BAILEY:</p> <p>12 Q. I'm saying is it possible that it could go 13 up and down based on factors that didn't have 14 anything to do -- I'm not saying that that's 15 exclusively how the price could go up or down, but 16 I'm asking whether that's a possibility that outside 17 factors other than the company could influence the 18 price up or down?</p> <p>19 MS. D'ALLAIRD: Objection.</p> <p>20 THE WITNESS: The outside factors could 21 influence the price up and down but it's impossible 22 that the company or in the case of Kin or the 23 developers in the case of say Bitcoin don't have any 24 effect on the price. Because clearly the price is 25 related to the underlying -- to some extent it's</p>

<p style="text-align: right;">Page 81</p> <p>1 related to the underlying protocol and software 2 which is developed by people. 3 BY MS. BAILEY: 4 Q. What is your basis for that thought? 5 A. Because there are no cryptocurrencies that 6 have just appeared on earth out of nowhere without 7 humans developing them. 8 Q. So what you're saying is somebody created 9 it and built the underlying infrastructure; right? 10 MS. D'ALLAIRD: Objection. 11 BY MS. BAILEY: 12 Q. So to some degree that's part of it of 13 course. But putting that aside, once the project 14 has been launched is it possible for there to be 15 other factors that affect the price up or down? 16 MS. D'ALLAIRD: Objection. 17 THE WITNESS: There are -- it is possible 18 for there to be other factors, yes. 19 BY MS. BAILEY: 20 Q. Is that something you've seen happening 21 over the years of following the industry? 22 MS. D'ALLAIRD: Objection. 23 THE WITNESS: Yes, but I mean, that 24 applies to any single thing that's bought and sold 25 on earth by humans. Like the price of like cobalt</p>	<p style="text-align: right;">Page 83</p> <p>1 BY MS. BAILEY: 2 Q. Fair. Were you -- this isn't to say -- or 3 this isn't to ask whether this was your sole 4 motivation but were you in some part hoping that 5 market prices would go up and with it the price of 6 Kin would go up? 7 MS. D'ALLAIRD: Objection. 8 THE WITNESS: Yes. 9 BY MS. BAILEY: 10 Q. So in that sense are there certain 11 parallels between Kin tokens and the items you 12 described, like cobalt or platinum I think were the 13 two examples. Are there some parallels in that 14 sense between those two types of assets? 15 A. Yes. 16 Q. What would those parallels be, just to 17 cover it? 18 MS. D'ALLAIRD: Objection. 19 THE WITNESS: That they can be bought and 20 sold. 21 BY MS. BAILEY: 22 Q. How about their price dynamic? Are there 23 any parallels in how the price evolves over time for 24 something like Kin versus something like cobalt? 25 Earlier you testified that cobalt goes up and down</p>
<p style="text-align: right;">Page 82</p> <p>1 or platinum goes up and down like based on lots of 2 different factors, including like the miners of the 3 thing and the demand for it and the speculation and 4 all those things. 5 BY MS. BAILEY: 6 Q. So in your view is supply and demand a 7 major determinant of the price of any asset? 8 MS. D'ALLAIRD: Objection. 9 THE WITNESS: Yes. 10 BY MS. BAILEY: 11 Q. And does that apply to Kin as well? 12 A. Yes. 13 Q. And could you -- is it your belief that 14 Kin's price could be affected by swings in the 15 market? 16 MS. D'ALLAIRD: Objection. 17 THE WITNESS: Yes. 18 BY MS. BAILEY: 19 Q. Was that something that you personally 20 anticipated when you bought Kin? 21 MS. D'ALLAIRD: Objection. 22 THE WITNESS: Yes. Because it's hard to 23 envision any cryptocurrency that wasn't affected by 24 swings in the market. 25 //</p>	<p style="text-align: right;">Page 84</p> <p>1 based on certain factors. I believe you said like 2 supply and demand. Correct me if I'm misstating 3 you. Is that also true for Kin? 4 MS. D'ALLAIRD: Objection. 5 THE WITNESS: Yes. 6 BY MS. BAILEY: 7 Q. So in that sense there's some 8 similarities. 9 A. Yes. 10 Q. Have you ever heard the term "Kin 11 Ecosystem"? 12 A. Yes. 13 Q. What does that mean to you? 14 A. It likely refers to the idea that multiple 15 application developers will allow for the usage of 16 Kin in their applications. 17 Q. Okay. And what functionality needs to 18 exist in a cryptocurrency in order for another 19 developer to use it within their app? 20 MS. D'ALLAIRD: Objection. 21 THE WITNESS: What functionality? Well, 22 this needs to be a public protocol which the 23 application can use in order to send requests back 24 and forth to a node on -- a node that has access to 25 the blockchain of that currency.</p>

<p style="text-align: right;">Page 85</p> <p>1 BY MS. BAILEY:</p> <p>2 Q. And earlier you had testified I believe 3 that any developer could have integrated Kin after 4 the token sale, immediately after the token sale.</p> <p>5 Am I quoting you correctly?</p> <p>6 MS. D'ALLAIRD: Objection.</p> <p>7 THE WITNESS: I don't remember saying 8 that.</p> <p>9 BY MS. BAILEY:</p> <p>10 Q. Is it your understanding that companies 11 could have used Kin immediately following the token 12 sale?</p> <p>13 MS. D'ALLAIRD: Objection.</p> <p>14 THE WITNESS: My recollection is that that 15 had not -- was not ready yet, but there was some 16 idea that in the future there would be a way for 17 other application developers to use Kin.</p> <p>18 BY MS. BAILEY:</p> <p>19 Q. Okay. So earlier we had talked in some 20 detail about the technical components of a 21 cryptocurrency and sort of how it can be used in 22 various forms and I think you had an acronym that 23 you had used for the type of -- I don't want to try 24 and characterize it because I'll be wrong but is 25 there a way for any company to use a cryptocurrency</p>	<p style="text-align: right;">Page 87</p> <p>1 mentioned it was a function of various developers 2 using Kin. Is that accurate to say?</p> <p>3 MS. D'ALLAIRD: Objection.</p> <p>4 BY MS. BAILEY:</p> <p>5 Q. And please correct me if you have a 6 different understanding.</p> <p>7 A. The Kin Ecosystem sounds like a marketing 8 term to me. So I'm not really willing to say what 9 is or isn't the Kin Ecosystem.</p> <p>10 Q. Earlier I asked you what that term means 11 to you and you had given a description of that it's 12 developers who had integrated Kin into various 13 applications, I believe. Is that fair to say?</p> <p>14 MS. D'ALLAIRD: Objection.</p> <p>15 THE WITNESS: It would be the marketing 16 term for the idea that there are applications that 17 have integrated it in one way or the other, yes.</p> <p>18 Whether such an ecosystem actually exists at this 19 point I'm not -- I can't say.</p> <p>20 BY MS. BAILEY:</p> <p>21 Q. That's fine. But if Kin had that basic 22 ability to be transferred as a medium of exchange, 23 do you think that's enough for the Kin Ecosystem -- 24 I'll just keep using that term -- to exist?</p> <p>25 MS. D'ALLAIRD: Objection.</p>
<p style="text-align: right;">Page 86</p> <p>1 that's on the Ethereum blockchain?</p> <p>2 MS. D'ALLAIRD: Objection.</p> <p>3 THE WITNESS: Yes. Anybody could build 4 into an application a way to communicate with the 5 Ethereum blockchain.</p> <p>6 BY MS. BAILEY:</p> <p>7 Q. So that's what I'm trying to get at here. 8 Thank you for bearing with me. It's hypothetically 9 since Kin was functioning on the Ethereum blockchain 10 was it possible for companies to transact with it on 11 day one after the token sale?</p> <p>12 MS. D'ALLAIRD: Objection.</p> <p>13 THE WITNESS: Oh, I see what you're 14 saying. Yes, you're absolutely right that at that 15 point the Kin token was a token on top of the 16 Ethereum blockchain and there were already at that 17 point wallet providers for example where you could 18 store your tokens in your Ethereum wallet. So yes, 19 you're right that at that point any developer could 20 have added the ability to interact with the -- in a 21 pretty limited fashion with the Kin tokens in an 22 Ethereum wallet.</p> <p>23 BY MS. BAILEY:</p> <p>24 Q. So if -- I'm going to call back to your 25 understanding of the Kin Ecosystem. I believe you</p>	<p style="text-align: right;">Page 88</p> <p>1 THE WITNESS: The question is too vague.</p> <p>2 BY MS. BAILEY:</p> <p>3 Q. Okay. I'll narrow it down. So if -- is 4 the functionality of being able to transact in Kin 5 in various applications sufficient in your view to 6 amount to an ecosystem?</p> <p>7 MS. D'ALLAIRD: Objection.</p> <p>8 THE WITNESS: I think the term ecosystem 9 is too vague and I wouldn't say -- what literally 10 amounts to an ecosystem is like some wetlands or 11 something. That's an ecosystem. This whole 12 application of the word ecosystem that was came up 13 with by some Internet companies ten years ago and 14 now everyone uses, and, like, it can mean so many 15 things. It's not like I could testify about what an 16 ecosystem is when applied to this.</p> <p>17 BY MS. BAILEY:</p> <p>18 Q. Of course. And I can only ask you as to 19 what you understand that to mean and that's what I'm 20 referring to. But would a more accurate term maybe 21 like an economy?</p> <p>22 MS. D'ALLAIRD: Objection.</p> <p>23 THE WITNESS: An economy, the word economy 24 to me suggests that there's a critical mass of 25 buyers and selling. Like when you say there's a</p>

<p style="text-align: right;">Page 89</p> <p>1 functioning economy it means there's enough buyers 2 and sellers -- there's a functioning economy of salt 3 in this marketplace because people are buying and 4 selling salt all the time. But if there's just 5 someone there wanting to sell it or just people that 6 wanted to buy it you'd say well, the economy, it's 7 not really a full economy because it's not moving 8 back and forth; right?</p> <p>9 Q. So just to press on that, though, if 10 there's a unique medium of exchange or currency 11 that's unique to a given economy, would that change 12 any of your conclusions about the hypothetical that 13 you just posed?</p> <p>14 MS. D'ALLAIRD: Objection.</p> <p>15 THE WITNESS: I'm kind of lost here.</p> <p>16 BY MS. BAILEY:</p> <p>17 Q. So there's a fundamental cryptocurrency 18 that's underlying this quote, unquote, economy 19 ecosystem, whatever you want to call it. And if 20 people could transact in that currency, would that 21 be enough in your view to allow developers to 22 achieve the purpose which you described earlier of 23 using Kin within their applications?</p> <p>24 MS. D'ALLAIRD: Objection.</p> <p>25 THE WITNESS: I'm still lost. Try one</p>	<p style="text-align: right;">Page 91</p> <p>1 you recall that? 2 A. Yes.</p> <p>3 Q. So in here it describes, "The vision for 4 Kin is rooted in the belief that a broad group of 5 participants can come together to create an open 6 ecosystem of tools for digital communication and 7 commerce," and then I'm not going to read the rest. 8 So in light of this do you believe that 9 Kik marketed Kin as -- or do you believe that Kik 10 marketed the Kin Ecosystem to the public before the 11 TDE?</p> <p>12 MS. D'ALLAIRD: Objection.</p> <p>13 THE WITNESS: It certainly looks like they 14 did, yes.</p> <p>15 BY MS. BAILEY:</p> <p>16 Q. And that ecosystem would involve 17 developers offering goods and services in exchange 18 for Kin?</p> <p>19 MS. D'ALLAIRD: Objection.</p> <p>20 THE WITNESS: That would be my guess, yes.</p> <p>21 BY MS. BAILEY:</p> <p>22 Q. I think you mentioned this but have you 23 been following the Kin Ecosystem -- I'll keep using 24 that term and all I mean is this concept we've been 25 talking about. Have you been following Kin's</p>
<p style="text-align: right;">Page 90</p> <p>1 more time.</p> <p>2 BY MS. BAILEY:</p> <p>3 Q. You referred to the term of ecosystem as a 4 marketing term. Do you recall that Kik marketed the 5 Kin Ecosystem before the TDE?</p> <p>6 A. I've definitely heard the term Kin 7 Ecosystem. I'm not sure at what point they began to 8 use that term.</p> <p>9 Q. Was the project marketed as the Kin 10 Ecosystem?</p> <p>11 MS. D'ALLAIRD: Objection.</p> <p>12 THE WITNESS: I don't know. Do they have 13 it in this thing?</p> <p>14 BY MS. BAILEY:</p> <p>15 Q. Let's look. So if you go back to that 16 paragraph that we talked about earlier, this is 17 Exhibit -- what is this? This is Exhibit 106. So 18 just to recap, this was the page that we discussed 19 earlier which is a Wayback Machine screen shot of 20 the Kin.Kik.com website.</p> <p>21 MS. D'ALLAIRD: Again, we object to the 22 introduction of this exhibit.</p> <p>23 BY MS. BAILEY:</p> <p>24 Q. So at the bottom right there's a part that 25 says "Our vision" which we discussed previously. Do</p>	<p style="text-align: right;">Page 92</p> <p>1 progress to date? 2 A. I have not.</p> <p>3 Q. So you testified earlier that you recall 4 other projects having marketed their projects as 5 quote, unquote, ecosystems. What do you mean by 6 that?</p> <p>7 MS. D'ALLAIRD: Objection.</p> <p>8 THE WITNESS: That a -- the dream of a lot 9 of cryptocurrencies is that there will be a lot of 10 users of them and the word ecosystem is like this 11 sound big and exciting and grand, you know. They're 12 going to be the next Google. They're going to have 13 an ecosystem. All these companies will have 14 ecosystem and they're going to be huge I guess.</p> <p>15 BY MS. BAILEY:</p> <p>16 Q. So your view of the term implies that it's 17 some breadth that's part of the word ecosystem 18 agency as you hear it.</p> <p>19 A. Yeah.</p> <p>20 Q. Understood. And have you been following 21 any of the developments with the company Kik?</p> <p>22 A. Not closely. I saw a couple of headlines 23 recently where they sold off -- they sold off the 24 chat application.</p> <p>25 Q. So you're aware that they sold their chat</p>

<p style="text-align: right;">Page 93</p> <p>1 application. 2 A. Uh-huh. 3 Q. Did you have any reaction to that? 4 A. No, not particularly. 5 Q. It wasn't particularly important to you 6 that they had sold their chat application? 7 A. I don't really have an opinion about it 8 either way. 9 Q. And so you testified earlier that you 10 still have your Kin today; right? 11 A. That's correct. 12 Q. And it didn't -- the fact that you saw Kik 13 had sold its chat application didn't cause you to 14 want to sell your Kin? 15 MS. D'ALLAIRD: Objection. 16 THE WITNESS: Because the idea that the 17 Kin would be less money? I'm not sure it's worth 18 anything right now. I'm not sure there's any market 19 for it. 20 BY MS. BAILEY: 21 Q. I'm just asking if learning that news made 22 you want to sell your Kin tokens? 23 A. No. Because that's not how -- that's not 24 like a good line of thought in investing. It's like 25 panic. No, it didn't make me want to sell it.</p>	<p style="text-align: right;">Page 95</p> <p>1 BY MS. BAILEY: 2 Q. If it were used as intended meaning if it 3 was used as a currency for various digital services? 4 MS. D'ALLAIRD: Objection. 5 THE WITNESS: Yes. 6 BY MS. BAILEY: 7 Q. Make sure to let her get her objection in. 8 A. Sorry. 9 Q. Do you recall -- I know that you mentioned 10 you had only -- you remember anything specific about 11 the white paper but you believe it was likely that 12 you had reviewed it. Do you remember anything in 13 the white paper or otherwise where Kik told you to 14 expect that you could profit? 15 A. No, I don't remember. 16 Q. Do you have any reason to believe that 17 they did make any such statement? 18 MS. D'ALLAIRD: Objection. 19 THE WITNESS: I don't have any reason to 20 believe and that would be a pretty amateur move. So 21 I doubt they would make such statement. 22 BY MS. BAILEY: 23 Q. So you say you would doubt that Kik would 24 make a statement that people could expect to profit 25 from purchasing Kin?</p>
<p style="text-align: right;">Page 94</p> <p>1 Q. So this is going to sound like a silly 2 question so bear with me but despite the fact that 3 Kik sold its chat application your Kin still exists; 4 right? 5 MS. D'ALLAIRD: Objection. 6 THE WITNESS: Yes. 7 BY MS. BAILEY: 8 Q. Did you have the idea when you bought Kin 9 that you might profit from that purchase? 10 A. Yes. 11 Q. Why did you think that? 12 A. I think you already asked that. But to go 13 over it again, I thought that the value of the Kin 14 could increase because I thought that the usage -- 15 that the overall proposal that a cryptocurrency 16 could be used in a chat application successfully was 17 a good idea, a good proposal and I thought that 18 could work at some point and Kin was well positioned 19 to be that application -- Kin was looked to be that 20 currency because Kik already had an application and 21 user base. 22 Q. So it was your impression that you could 23 profit if Kin were used as intended? 24 MS. D'ALLAIRD: Objection. 25 THE WITNESS: Yes. Well, intended --</p>	<p style="text-align: right;">Page 96</p> <p>1 MS. D'ALLAIRD: Objection. 2 THE WITNESS: Correct. 3 BY MS. BAILEY: 4 Q. Were you hoping when you bought Kin that 5 well established companies would integrate it into 6 their projects? 7 MS. D'ALLAIRD: Objection. 8 THE WITNESS: No. 9 BY MS. BAILEY: 10 Q. So if for example Google or Amazon started 11 accepting Kin would that matter to you as someone 12 who has Kin today? 13 MS. D'ALLAIRD: Objection. 14 THE WITNESS: It would matter because it 15 would likely be that the demand for Kin would likely 16 increase. 17 BY MS. BAILEY: 18 Q. Okay. Understood. When you bought your 19 Kin could you decide to sell it at any time you 20 wanted to? 21 A. I could decide to sell it any time I 22 wanted to, but to actually sell it would require an 23 exchange and a willing buyer. 24 Q. Sure. So phrased another way, did Kik 25 impose any limitations on when you could sell your</p>

<p style="text-align: right;">Page 97</p> <p>1 Kin? 2 A. No. And I don't think they would have the 3 technical facility to do so.</p> <p>4 Q. What do you mean by that? 5 A. I don't think that there's a way on the 6 Ethereum network to prevent the transfer of 7 Ethereum -- of ether or ether tokens to my 8 knowledge.</p> <p>9 Q. Fair. Okay. So -- 10 A. That said there are smart contracts -- 11 there absolutely can be something on the Ethereum 12 network where there's a smart contract which does 13 allow for restriction of transfer and movement, all 14 that kind of thing. But my understanding of the Kin 15 token was that there are no such restrictions and it 16 did not rely on a smart contract, beyond the smart 17 contract that was used for the creation of the token 18 itself.</p> <p>19 Q. So your understanding of the smart 20 contract that governed the sale of Kin is that it 21 effectively transferred Kin to you and then there 22 were no other restrictions imposed on you as 23 somebody who owned Kin with what you could do with 24 it?</p> <p>25 MS. D'ALLAIRD: Objection.</p>	<p style="text-align: right;">Page 99</p> <p>1 please continue.</p> <p>2 THE WITNESS: Supposedly it tracks the 3 market capitalization of the currency.</p> <p>4 BY MS. BAILEY:</p> <p>5 Q. Does it show changes in price? 6 A. It should show changes in price and the 7 total value of all of the market capitalization, 8 meaning the total value of all the tokens added up.</p> <p>9 Q. Right. So if we're looking at this chart 10 here, you'll see that it says Kin charts in the 11 upper left corner. Do you see that?</p> <p>12 A. Kin charts? Where are we looking?</p> <p>13 Q. Right above the chart in the middle -- 14 A. Yes.</p> <p>15 Q. -- to the left. 16 A. Yes, I see that.</p> <p>17 Q. What is your understanding of what this 18 chart represents?</p> <p>19 MS. D'ALLAIRD: Objection.</p> <p>20 THE WITNESS: My understanding is that it 21 represents the market price of Kin plotted over 22 these two years.</p> <p>23 BY MS. BAILEY:</p> <p>24 Q. So I'm going to ask you a series of 25 hypotheticals. If you look with me -- I know the</p>
<p style="text-align: right;">Page 98</p> <p>1 THE WITNESS: Correct.</p> <p>2 BY MS. BAILEY:</p> <p>3 Q. So is it the case that anybody who had Kin 4 after the token sale could sell it at any time they 5 wanted to?</p> <p>6 MS. D'ALLAIRD: Objection.</p> <p>7 THE WITNESS: Technically they could sell 8 it, yes.</p> <p>9 BY MS. BAILEY:</p> <p>10 Q. So cryptocurrency rises and falls in 11 value; right?</p> <p>12 MS. D'ALLAIRD: Objection.</p> <p>13 THE WITNESS: Yes.</p> <p>14 BY MS. BAILEY:</p> <p>15 Q. I've just handed -- you've just been 16 handed an exhibit marked Exhibit 107. It is a 17 screen grab of a website called CoinMarketCap. Are 18 you familiar with this website?</p> <p>19 (Exhibit 107 was marked for identification 20 by the Reporter.)</p> <p>21 A. Yes.</p> <p>22 Q. What is your understanding of what 23 CoinMarketCap offers?</p> <p>24 MS. D'ALLAIRD: I'm just going to quickly 25 object to the introduction of this exhibit but</p>	<p style="text-align: right;">Page 100</p> <p>1 font is small, I apologize for that but if you go to 2 say -- if you see on the bottom line there's a 3 number of months, it says October '17, January '18. 4 Do you see that?</p> <p>5 A. Uh-huh.</p> <p>6 Q. If I pinpoint a time right before January 7 '18, so say December, if somebody sold at that point 8 would they make a different amount of money from 9 that sale as opposed to somebody who sold say in 10 January 2018?</p> <p>11 MS. D'ALLAIRD: Objection.</p> <p>12 THE WITNESS: Yes.</p> <p>13 BY MS. BAILEY:</p> <p>14 Q. Because the price had gone up by the time 15 the next person had hypothetically sold; right?</p> <p>16 MS. D'ALLAIRD: Objection.</p> <p>17 THE WITNESS: Give me the two time periods 18 you're discussing again?</p> <p>19 BY MS. BAILEY:</p> <p>20 Q. Just for the same of example, we can pick 21 any time period on here but if somebody sold in 22 October even or the first point on this chart and 23 then a different person sold on the point where it 24 says January 2017, those two people would quote, 25 unquote, profit differently. Is it fair to say?</p>

<p style="text-align: center;">Page 101</p> <p>1 MS. D'ALLAIRD: Objection.</p> <p>2 THE WITNESS: Yes, except that with a not</p> <p>3 so liquid token like this these charts are not</p> <p>4 accurate and not necessarily real, however, what</p> <p>5 you're saying is correct. Yes.</p> <p>6 BY MS. BAILEY:</p> <p>7 Q. So the chart is really just a</p> <p>8 demonstrative of a more general concept and what I'm</p> <p>9 asking is if somebody sold on one day when the price</p> <p>10 was at a certain level and a different person sold</p> <p>11 on a different day when the price was say higher or</p> <p>12 much lower, is it possible that one person could</p> <p>13 profit and one person could lose based on their</p> <p>14 sales of Kin?</p> <p>15 MS. D'ALLAIRD: Objection.</p> <p>16 THE WITNESS: Yes.</p> <p>17 BY MS. BAILEY:</p> <p>18 Q. So in your view would that mean that the</p> <p>19 fortunes of those two people were not necessarily</p> <p>20 aligned?</p> <p>21 MS. D'ALLAIRD: Objection.</p> <p>22 THE WITNESS: Yes.</p> <p>23 BY MS. BAILEY:</p> <p>24 Q. Just to put a little tweak on that, would</p> <p>25 it be fair to say that the fortunes of those two</p>	<p style="text-align: center;">Page 103</p> <p>1 terms of that deal?</p> <p>2 MS. D'ALLAIRD: Objection.</p> <p>3 THE WITNESS: Yes.</p> <p>4 BY MS. BAILEY:</p> <p>5 Q. So are you familiar with the term "as-is"</p> <p>6 in any context?</p> <p>7 A. Yes.</p> <p>8 MS. D'ALLAIRD: I'm sorry. Objection.</p> <p>9 BY MS. BAILEY:</p> <p>10 Q. What does that term mean to you?</p> <p>11 A. That when you buy something you get it as</p> <p>12 it is and you can't request modifications after the</p> <p>13 fact.</p> <p>14 Q. So are you saying that you receive it free</p> <p>15 and clear? Is that a way to put it?</p> <p>16 MS. D'ALLAIRD: Objection.</p> <p>17 THE WITNESS: I don't really know what</p> <p>18 that means.</p> <p>19 BY MS. BAILEY:</p> <p>20 Q. Fair. Do you recall there being a</p> <p>21 contract between you and Kik when you bought Kin?</p> <p>22 MS. D'ALLAIRD: Objection.</p> <p>23 THE WITNESS: I don't recall it but there</p> <p>24 likely was one because I possibly went on some</p> <p>25 website and there was probably some terms I agreed</p>
<p style="text-align: center;">Page 102</p> <p>1 people would be different?</p> <p>2 MS. D'ALLAIRD: Objection.</p> <p>3 THE WITNESS: Yes.</p> <p>4 BY MS. BAILEY:</p> <p>5 Q. Did Kik owe you any continuing contractual</p> <p>6 duties after the token sale completed?</p> <p>7 MS. D'ALLAIRD: Objection.</p> <p>8 THE WITNESS: I don't think so, no.</p> <p>9 BY MS. BAILEY:</p> <p>10 Q. So let's walk through it -- through that.</p> <p>11 Just as a basic matter is it your understanding</p> <p>12 generally that the terms of a contract govern the</p> <p>13 parties' duties in any particular transaction?</p> <p>14 MS. D'ALLAIRD: Objection.</p> <p>15 THE WITNESS: Yes, but isn't the question</p> <p>16 here of whether Kin is selling a security or not?</p> <p>17 And if it's selling a security it's up to the SEC to</p> <p>18 say what the rules are. There is a contract which</p> <p>19 is set by Congress I guess if it's a security.</p> <p>20 BY MS. BAILEY:</p> <p>21 Q. What I'm actually asking about are the</p> <p>22 terms of the contract in a more traditional sense</p> <p>23 between you and Kik when you bought Kin. When you</p> <p>24 enter into any deal to purchase something is it</p> <p>25 common for there to be a contract that explains the</p>	<p style="text-align: center;">Page 104</p> <p>1 to.</p> <p>2 BY MS. BAILEY:</p> <p>3 Q. Are you familiar with a document called</p> <p>4 the "terms of use agreement"?</p> <p>5 A. I know about terms of use agreements and</p> <p>6 I'm not familiar with this one.</p> <p>7 Q. I should clarify. Are you familiar with</p> <p>8 the terms of use agreement that related to this</p> <p>9 particular sale of Kin?</p> <p>10 A. No.</p> <p>11 Q. You've just been handed an exhibit marked</p> <p>12 108. At the top it reads "Terms of Use Agreement"</p> <p>13 and it bears Bates label Kik 000079. Does this</p> <p>14 document look familiar to you?</p> <p>15 (Exhibit 108 was marked for identification</p> <p>16 by the Reporter.)</p> <p>17 THE WITNESS: No.</p> <p>18 BY MS. BAILEY:</p> <p>19 Q. So do you recall having to acknowledge it</p> <p>20 or having seen it at any time before you purchased</p> <p>21 Kin?</p> <p>22 MS. D'ALLAIRD: Objection.</p> <p>23 THE WITNESS: I don't recall it. I don't</p> <p>24 remember seeing it and it's likely that I did agree</p> <p>25 to it.</p>

<p style="text-align: right;">Page 105</p> <p>1 BY MS. BAILEY:</p> <p>2 Q. So do you have any reason to doubt that</p> <p>3 you agreed to this?</p> <p>4 MS. D'ALLAIRD: Objection.</p> <p>5 THE WITNESS: I do not.</p> <p>6 BY MS. BAILEY:</p> <p>7 Q. Okay. So I'm going to direct you two,</p> <p>8 three pages. If you skip to page -- with the Bates</p> <p>9 label Kik 000088. I think it's the tenth page in.</p> <p>10 There's a section called "disclaimers" that have a</p> <p>11 block of text in all caps. Do you see that?</p> <p>12 A. Yes.</p> <p>13 Q. So do you see where it says, "Except as</p> <p>14 expressly provided to the contrary in a writing by</p> <p>15 Kik the site content contained therein and Kin</p> <p>16 tokens are provided on an as-is and as available</p> <p>17 basis without warranties or conditions of any kind,"</p> <p>18 and it continues on. But I will spare all of us</p> <p>19 from me reading all of it. Do you see that?</p> <p>20 A. I do.</p> <p>21 Q. What does that mean to you sitting here</p> <p>22 today reading it?</p> <p>23 A. To me reading this it means that I agreed</p> <p>24 to -- I likely agreed to these terms whereby the Kin</p> <p>25 company -- Kik company, Kik Interactive would have</p>	<p style="text-align: right;">Page 107</p> <p>1 conclusions based on this with you here today about</p> <p>2 whether something is or is not a security.</p> <p>3 A. Okay.</p> <p>4 MS. D'ALLAIRD: I just have to interject</p> <p>5 here, I'm going to object to this line of</p> <p>6 questioning. I'm not a lawyer here.</p> <p>7 MS. BAILEY: I'm not questioning him about</p> <p>8 anything related to securities law.</p> <p>9 MS. D'ALLAIRD: You are but you're asking</p> <p>10 him about contract law and I'm just going to object</p> <p>11 to this line of questioning, but please continue. I</p> <p>12 just want to log that for the record.</p> <p>13 BY MS. BAILEY:</p> <p>14 Q. To be clear, I'm asking you only what your</p> <p>15 understanding is of what you agreed to or what you</p> <p>16 likely agreed to by virtue of this contract that</p> <p>17 we're talking about, the terms of this agreement.</p> <p>18 A. So I agreed to this and as long as there</p> <p>19 isn't another overriding law or policy or something</p> <p>20 which would make this invalid, then I think that I'm</p> <p>21 likely bound by this agreement.</p> <p>22 Q. And I'm -- I don't need -- I'm not asking</p> <p>23 you to reach any legal conclusion about whether this</p> <p>24 agreement is valid or whether it's legally</p> <p>25 enforceable. I'm not asking you to reach any of</p>
<p style="text-align: right;">Page 106</p> <p>1 no obligations, no specific obligations to me as an</p> <p>2 owner of this thing I was buying from them. And</p> <p>3 that seems likely but none of this relates -- just</p> <p>4 because I agreed to it doesn't mean that Kik wasn't</p> <p>5 selling a security and that the rules -- that the</p> <p>6 American securities laws -- I mean, don't apply.</p> <p>7 So this -- my -- I'm not a lawyer but like</p> <p>8 this sort of thing can be -- a court could look at</p> <p>9 this and say this is invalid because they're selling</p> <p>10 a security and they didn't do X, Y, Z when they're</p> <p>11 selling a security.</p> <p>12 Q. Do you know what those securities laws</p> <p>13 are?</p> <p>14 A. No, I don't in particular.</p> <p>15 Q. What would be the basis for that belief</p> <p>16 that it could still be a security?</p> <p>17 A. I know there's something called the Howey</p> <p>18 Test, Howey whatever. And I don't know exactly how</p> <p>19 it works, but I do know that the SEC will say hey,</p> <p>20 there's lots of people who sell things and then the</p> <p>21 SEC shows up and say that was a security. You're</p> <p>22 not allowed to sell it like that. So you may have</p> <p>23 had this agreement with your buyer but it's invalid</p> <p>24 because what you're doing is selling a security.</p> <p>25 Q. I don't necessarily want to draw any</p>	<p style="text-align: right;">Page 108</p> <p>1 those conclusions today. I'm only asking</p> <p>2 specifically right now with respect to this clause</p> <p>3 where it says that the tokens -- the tokens are</p> <p>4 provided on an as-is and as available basis.</p> <p>5 I'm just asking what your understanding of</p> <p>6 what those terms are. I think that you've already</p> <p>7 given me an answer on that. If you have anything</p> <p>8 else that you want to add then please feel free.</p> <p>9 I'm not asking you to give me any legal opinions or</p> <p>10 anything like that just to be clear.</p> <p>11 MS. D'ALLAIRD: Objection.</p> <p>12 BY MS. BAILEY:</p> <p>13 Q. Are you aware of any other contract that</p> <p>14 governed your arrangement with Kik?</p> <p>15 MS. D'ALLAIRD: Objection.</p> <p>16 THE WITNESS: Am I aware. There probably</p> <p>17 are -- of contracts? No.</p> <p>18 BY MS. BAILEY:</p> <p>19 Q. Are you aware of having agreed to or read</p> <p>20 or signed any other contracts between you and Kik?</p> <p>21 MS. D'ALLAIRD: Objection.</p> <p>22 THE WITNESS: No.</p> <p>23 BY MS. BAILEY:</p> <p>24 Q. So just to clear it up and just to</p> <p>25 summarize what we've gone through, assuming and</p>

<p style="text-align: right;">Page 109</p> <p>1 putting aside the issue of whether these terms are 2 valid, just assuming that they are, did you 3 understand -- or do you understand from this 4 language that Kik had no contractual obligations to 5 you after delivering the Kin tokens?</p> <p>6 MS. D'ALLAIRD: Same objections as before.</p> <p>7 THE WITNESS: Assuming that these are 8 valid and there's nothing that overrides them, then 9 yes. I do understand that.</p> <p>10 BY MS. BAILEY:</p> <p>11 Q. Is that based on your reading of this 12 language here today?</p> <p>13 MS. D'ALLAIRD: Objection.</p> <p>14 THE WITNESS: Yes.</p> <p>15 BY MS. BAILEY:</p> <p>16 Q. And are you reaching that conclusion based 17 on your personal understanding of these words in the 18 sense that you described them earlier?</p> <p>19 MS. D'ALLAIRD: Objection.</p> <p>20 THE WITNESS: I mean, that's too 21 complicated for me. I can't wrap my mind around 22 that.</p> <p>23 BY MS. BAILEY:</p> <p>24 Q. Fair.</p> <p>25 MS. BAILEY: Can we take a break? We're</p>	<p style="text-align: right;">Page 111</p> <p>1 Q. Does Kik pay you any dividends?</p> <p>2 A. No.</p> <p>3 Q. Do you know what dividends are?</p> <p>4 A. Yes.</p> <p>5 Q. How about the Kin Foundation? Do they pay 6 you any dividends?</p> <p>7 A. No.</p> <p>8 Q. If Kik makes any revenue by selling 9 services in exchange for Kin tokens, do you receive 10 a distribution from Kik in share in those profits?</p> <p>11 MS. D'ALLAIRD: Objection.</p> <p>12 THE WITNESS: No.</p> <p>13 BY MS. BAILEY:</p> <p>14 Q. And if Kik went out of business would you 15 still have Kin?</p> <p>16 MS. D'ALLAIRD: Objection.</p> <p>17 THE WITNESS: Yes.</p> <p>18 MS. BAILEY: That's all the questions I 19 have. Thank you. I might ask more questions after 20 they're done but that's the all the questions I have 21 for now. And I'll turn it over.</p> <p>22 MS. D'ALLAIRD: Thank you so much.</p> <p>23 EXAMINATION</p> <p>24 BY MS. D'ALLAIRD:</p> <p>25 Q. Mr. Rousmaniere, I want to also thank you</p>
<p style="text-align: right;">Page 110</p> <p>1 nearing the end. Promise.</p> <p>2 THE VIDEO OPERATOR: We're going off the 3 record. The time is 11:53 A.M.</p> <p>4 (Recess taken.)</p> <p>5 THE VIDEO OPERATOR: We're back on the 6 record. The time is 12:11 P.M.</p> <p>7 BY MS. BAILEY:</p> <p>8 Q. Okay. So I'm very close to being done. 9 Thank you for sticking with me. I appreciate it. I 10 just have a few more questions.</p> <p>11 So when you bought Kin, did you receive 12 any ownership interest in Kik Interactive?</p> <p>13 A. Not to -- no.</p> <p>14 Q. Have you ever received disclosures from 15 Kik regarding its performance, financials or 16 otherwise?</p> <p>17 A. No.</p> <p>18 Q. Do you have any voting rights in Kik?</p> <p>19 A. No.</p> <p>20 Q. Are you aware of an entity called the Kin 21 Foundation?</p> <p>22 A. Yes.</p> <p>23 Q. Do you have any voting rights in the Kin 24 Foundation?</p> <p>25 A. No.</p>	<p style="text-align: right;">Page 112</p> <p>1 for being here today and giving us your time. I 2 only have a few questions for you so we can move 3 through this quickly. So you previously testified 4 that you had met with SEC staff and provided 5 testimony in the investigation that led to this 6 lawsuit; correct?</p> <p>7 A. Yes.</p> <p>8 Q. And during your testimony at that time was 9 there a court reporter present there?</p> <p>10 A. Yes.</p> <p>11 Q. And was your testimony taken on video?</p> <p>12 A. Probably. I can't remember.</p> <p>13 Q. Did you swear to tell the truth at that 14 time?</p> <p>15 A. I did.</p> <p>16 Q. And did you tell the truth?</p> <p>17 A. I did.</p> <p>18 Q. I just want to draw your attention back to 19 I believe it was marked as Exhibit 105, the 20 transcript.</p> <p>21 A. Yes, I got it.</p> <p>22 Q. Now, taking a look at Exhibit 105 it's 23 dated July 18, 2018, witness Alexander Perls 24 Rousmaniere. Just taking a look at this Exhibit 25 105, Mr. Rousmaniere, would this appear to be an</p>

<p>Page 113</p> <p>1 accurate transcript of the testimony that you 2 provided to the SEC in July of 2018? 3 A. Yes, it looks like it. 4 Q. Okay. No further questions from our end. 5 MS. BAILEY: We have nothing either. 6 MS. D'ALLAIRD: I just want to note for 7 the record that the SEC is requesting a copy of 8 Mr. Rousmaniere's deposition. And I need a rough as 9 well. 10 THE VIDEO OPERATOR: This is the end of 11 the video deposition of Alexander Rousmaniere. 12 We're going off the record. The time is 12:14 P.M. 13 (Ending time 12:14 p.m.) 14 15 16 17 18 19 20 21 22 23 24 25</p>	<p>Page 115</p> <p>1 REPORTER'S CERTIFICATE 2 3 I, JEANINE CURCIONE, C S R NO 10223, 4 RPR, in and for the State of California, do hereby 5 certify: 6 That prior to being examined, the witness 7 named in the foregoing deposition was by me duly 8 sworn to testify the truth, the whole truth and 9 nothing but the truth and that the witness reserved 10 the right of signature; 11 That said deposition was taken down by me 12 in shorthand at the time and place therein named, 13 and thereafter reduced to typewriting under my 14 direction, and the same is a true, correct and 15 complete transcript of said proceedings 16 I further certify that I am not interested 17 in the event of the action 18 Witness my hand this _____ day of _____, 19 _____ 20 21 22 Certified Shorthand 23 Reporter for the 24 State of California 25</p>
<p>Page 114</p> <p>1 STATE OF CALIFORNIA) 2) 2 COUNTY OF LOS ANGELES) 3 4 I, ALEXANDER ROUSMANIERE, hereby certify 5 under penalty of perjury under the laws of the State 6 of California that the foregoing is true and 7 correct 8 Executed this _____ day of 9 _____, 2019 at 10 _____, California 11 12 13 14 ALEXANDER ROUSMANIERE 15 16 17 18 19 20 21 22 23 24 25</p>	